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**From Strategy, To Accounting -  
accounting practice and strategic  
discourse in the telecommunications  
industry**

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Finally, I would like to say that it was in a Masters Management Accounting lecture on Foucault, UMIST (early 1997), where I was first so inspired by the possibilities of accounting, thereby marking out the ground for this Doctoral trail. It is my everlasting hope that this thesis, in some way, will be used to carry on in that tradition of passionate, radical research.

## **Declaration**

This thesis represents my own work and has not been submitted for a degree at another university.

# Abstract

Following Roberts (1990) and Dent (1990), this study investigates the importance of complexifying the relationship between strategy and accounting. The genealogical approach of Hoskin *et al* (1997) provides inspiration as to the ways in which strategic discourse (itself promoted as a subject of study by Knights and Morgan (1990, 1991, 1995)) is historically contingent upon practices of accounting. I take up this task of inaugurating the study of accounting practice and strategy discourse, *from strategy to accounting*, to develop a new perspective of how their interaction takes place. This gives birth to a re-reading of the strategy (and accounting) literatures, from the direction of a constitutive notion of accounting practices. In particular, the processual and critical schools of strategy are found to promote conventional notions of accounting as mirror, as secondary and passive practice, which circulate beneath the usual level of visibility. Building on this emergent approach, a post-Foucauldian theory of practices is outlined from a methodological viewpoint. This approach does not begin from such general categories as 'the individual', 'the social' or 'the economic', and thereby does not follow conventional understandings of 'doing ethnography'.

The inquiry is empirically situated within the context of a longitudinal investigation (1997-2000) into the U.K. based part of a global telecommunications company, Teleco. I discover complex interactions between accounting practices and the workings of strategy, both as presence and absence. There is a partial presence of strategy even within the most 'strategic' parts of Teleco, in conjunction with a growing absence within those parts most distant from 'the strategy'. Despite this, or perhaps because of this, the spread of accounting and accounting based-practices rolls on, albeit in a non-uniform way.

This brings forth the possibility of a *strategic accounting*, one whose practices are perhaps most visibly internalised and effected on my very self, thus adding weight to the rejection within this thesis of the metaphysical categories of either 'strategy' or 'accounting'.

# **(I) An Introduction to Accounting and Strategy**

## **Beginnings**

The beginnings of this thesis come hand-in-hand with the concern with the beginnings of modern business strategy. Conventionally, such a history has been left implicit, as accounts have presumed that strategy derived naturally from the military sphere, and from there to business. As Cummings (1993: 133) points out, 'strategy' comes from the ancient Athenian position of *strategos*, which denoted the head of a tribal division. These heads together formed the Athenian war council. *Strategos*, in turn, was composed of *stratos*, meaning '*an encamped army spread out over ground*' and *agein*, to lead. As such, there would appear to be considerable parallels with today's practices of strategy. Instead of 'army', insert 'organisation'. Also, 'leadership', through conceptualisations of the role of 'top management' has been long a key facet of strategic activities, despite the changing interpretations of how this should be effected. Indeed Cummings goes on to suggest how strategic principles from ancient Athens could be usefully applied in today's context. In quite the same critical vein, but taking a chronologically opposed stance, certain sets of practices may have, in fact, been taken for granted as always existing within strategy. However, as Miller and Napier (1993: 633) argue, the serious study of practices emphasises their historical contingency, thereby '*debunking the apparent permanence of the present.*'

The secondary and passive role of accounting *within* strategy has long been taken for granted; see the works of, for example, Chandler (1962; 1965; 1977), Johnson and Kaplan (1987), Knights and Morgan (1991). Following the teachings of graduate and postgraduate courses, MBAs and even Chartered Accountancy training, it is strategy



that carves out both the environment and the internal workings of the organisation, with accounting practices following in its wake, being merely a tool which enables strategy to proceed and disseminate. As Nietzsche warned, however, such innocent beginnings hide deeper calculative truths.

'Every time a beginning that is calculated to mislead: cool, scientific, even ironic, deliberately foreground, deliberately holding off. (...) In the end, in the midst of perfectly gruesome detonations, a new truth becomes visible every time among thick clouds.'

(Nietzsche, 1967/1908: 312)

Hoskin (1990) began such a challenge through asserting the absence of a historical dimension within the modern study of strategy. Drawing critically on the works of Michel Foucault, the pivotal role of practices was highlighted as being instrumental in the proper understanding of the power *and* knowledge that strategy propagates. The practices he identified are the subtle educational practices of writing, examining and grading, ones that are *missing* from the ancient world, at least in a sense that promotes the global viewing of the military situation. The more recent paper of Hoskin *et al* (1997) takes this argument further and can essentially be interpreted<sup>1</sup>, to be asserting a controversial case for the constitutive role of accounting within the genealogy of strategy, finding that grammatocentric practices are central to the development of both disciplines. The strength of this finding has not, until now, been explored thoroughly either in contemporary theories of or empirical studies in strategy. It does, however, follow in the path of Critical Accounting discourse (*e.g.* Burchell *et al*, 1980; Miller and O'Leary, 1987; Roberts, 1991), where the metaphor of accounting as mirror has been penetrated and subverted by studies demonstrating just how accounting has powerful effects both for individual and social knowledge. Research by Dent (1990), Roberts

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<sup>1</sup> Bearing in mind Hoskin and Macve (1986, 1988).

(1990) has also made significant strides in complexifying the relationship between accounting and strategy.

It is this problematic which is the subject, both theoretically and empirically, of this thesis.

## ***Sections***

The **Literature Review** begins from the genealogical insight that strategy is a set of practices and discourses, highlighting critical work from both strategy and accounting as evidence that this is a productive theoretical stance. Underpinning this stance is the assertion of that accounting practices circulate in different ways within discourses of strategy. It is therefore the challenge for this chapter to investigate this accounting problematic by re-examining three main streams of the strategy literature, separated into Rationalist, Processual and Critical discourses. In addition, the accounting literature is brought into focus, looking at both the Rationalist standpoint of Strategic Management Accounting as well as Critical developments. An archaeology of theoretical strategy discourse is therefore attempted, drawing on both strategy and accounting disciplines.

The **Methodology** chapter further develops the focus on practices and discourses, analysing the post-Foucauldian viewpoint on the construction of the self and social. While the case study is ostensibly an ethnography, it departs from conventional studies through its particular conceptualisation of practices. This chapter analyses in detail the dualisms that compromise conventional ethnography, and proposes that practices constitute a satisfactory resolution to the questionable boundary between the self and the social usually propounded. As such, the problem of generalisability is re-

approached at a new level, the level of practices. It is argued that the case study is therefore not simply an atomised version of reality because of regularities and differences in discourse. A new theoretical framework for studying strategy and accounting is proposed.

Perhaps the centre-point of the thesis comes in the form of the **Empirical Study**. This is a 3 year study into practices and discourses within the U.K. based part of Teleco, a large U.S.-led multinational telecommunications company. The study began during my MSc, April 1997, and concluded in May 2000, during the third and final year of this thesis. (In total, 23 weeks were spent on site.)

Telecommunications forms part of the 'new economy', a term used to describe fast-growing technology based stocks which offer extremely high revenue growth, but comparatively small earnings figures. The practice of revenue growth as an external indicator of success was to prove pivotal in the study of the internal circulation of practices and discourses. I was able to trace both regularities and differences over time, within the U.K. operating company, the International overlay organisation (which sprang up to cover Europe and Asia) as well as gain insights into the U.S. parent. Drawing from the Literature Review, I concentrated on the power of accounting practices, and the way they constituted knowledge of and the 'doing' of strategy both at the individual and social levels. Beginning as an outside observer, I was able to gain the trust and respect of senior management and directors, securing a month's project work within the ostensible heart of strategy, International Strategy. This was to prove invaluable in appreciating International's perspective on U.K. activity as well as gaining first-hand experience of strategy practice.

While the Empirical Study draws on the theoretical frame developed in the Methodology as well as distilled from the Literature Review, it does not attempt to take this theorising to a new level. **Theoretical Implications** undertakes exactly this step by returning to



the work of Hoskin *et al* (1997) and Hoskin and Macve (1999). With the case of Teleco in mind, this chapter compares contemporary empirical findings to genealogical predictions, asserting that both similarities and differences exist. As this thesis has taken Hoskin and Macve's work as a starting point, it is fitting that any endings engage thoroughly with their findings. This chapter continues by pulling out significant dimensions of the case, and applying these in a re-theorisation, based on practices. While the Empirical Study focuses on discursive regularities and differences, this chapter focuses on practices, a subtle yet important distinction in the conceptualisation of accounting within strategy.

Finally, in **Conclusions**, directions for future research are tackled through highlighting issues that arose during the thesis which, through time restrictions, were not engaged with satisfactorily. Reflections on the interactions of accounting and strategy are given, together with how this may develop in the future. *Strategic Accounting* is suggested as a potential direction which would benefit both Critical Accounting and Critical Strategy discourses.

## **(II) Critical Literature Review**

### **Introduction**

It is the rise to prominence of the discourse of strategy that is my concern within this chapter. The literature is now wide-ranging and complex, and often accused of being too disparate for its own good (c.f. Booth, 1998: 257). I will not be attempting, however, to follow the usual path of further segmenting the available writings. Reading the work of Roberts (1990) and Dent (1990), I became aware of the growing complexities of the ways in which accounting and strategy interact. I realised, however, that their respective practices were (otherwise) generally treated quite separately in both theoretical and empirical accounts of corporate activity. Furthermore, I began to take a keen interest in the controversial 'beginnings' of strategy.

Inspired by Hoskin (1990), I became aware that perhaps there could be an underlying shared frame of reference to the different schools of strategy, a subtext which would allow a new approach to the study of strategy. It is the relation to accounting within strategy, as practice and discourse, that I approach here as what has been overlooked in the different schools. Despite the diversity of research on strategy, accounting has been perennially perceived as a passive, secondary technology that supplements the doing of strategy. Strategy, as a vehicle of power-knowledge relations, promotes certain representational practices of accounting which are then widely internalised and reproduced. This chapter attempts to disinter the overlooked presence of accounting from within strategy discourses, and investigates how accounting is implicated in the articulation of *what has been previously been labelled simply as strategy*.

The field of 'doing strategy' has been riven with rationalisation and naturalisation, as competing discourses of managing have asserted their respective rules and rights over this contested territory. Whittington (1993), for example, maps the terrain out through four quadrants of strategy perspectives. Divided through outcomes of profit-maximising or pluralistic, as well as processes of deliberate or emergent, the generic approaches of *Classical*, *Evolutionary*, *Processual* and *Systemic* can be identified. At the same time, strategy has emerged as a necessary aspect of managerial organising, the absence of coherence failing to deny strategy's stature within business discourse as a seemingly essential means by which Anglo (and now global) managements should organise their companies' activities. Despite their self-proclaimed differences, the work of authors such as Chandler and Pettigrew or Mintzberg and Porter, can be identified as *jointly* seminal in the judicious positioning of strategy at the forefront of organisational activity in capitalist societies. Their discourses join to obscure the mundane little dramas of calculated (and/or calculative) activity lying hidden beneath and between the considered layers and textures of rational-sounding argumentation.

Within the critical work of Knights and Morgan (1991), the self-evident privileging of strategy was directly thrown open to question. My thesis hopes to follow their lead, heeding Whipp's cry that '*it is arguably research which has questioned the fundamental nature of strategy...which offers the most exciting practical insights*' (1996: 270) (see also Whittington, 1993; Alvesson and Willmott, 1995; Calori, 1998; Morgan and Sturdy, forthcoming). At the same time I question even this emergent discourse, by introducing a *further* sense of disquiet into the field of strategy research. My claim is that, despite the disruptive challenges made by critical studies, discourses of strategy still exhibit some potentially significant silences, particularly over the way that discourses on strategy relate to accounting. As embedded within the heart of managerialist models of planning and control, accounting has been made readable as an objectified technique, forming a subordinate part of the toolkit available to strategists. Yet there are already

grounds for arguing that accounting has a constitutive role in the genesis of management (and within that shift modern forms of strategy; Hoskin and Macve, 1988; Hoskin, Macve and Stone, 1997) as well as within contemporary corporate activity (Roberts, 1990; 1991). There is also a range of work that now points to the more general and contingent way in which calculative practices, and discourses of calculation, have grown in significance dramatically over the past hundred years or so (c.f. Miller and Napier 1993: 633). In a similar vein, Deleuze (1988: 75) argued, '*(t)here is no State, only state control, and the same holds for all other cases*', making the point that there is no essence of the 'State' as such, and that its power-relations and forms of knowledge indeed stem from the operation of 'continual state control'. Hence there is a danger in utilising metaphysical categories such as Strategy, as this has hindered the deeper understanding of its very constitution.

My argument here is that the relative failure to engage with accounting's role in strategy has meant that the different schools of strategy have been artificially constrained. While there are a number of ways of partitioning the different schools, I choose to denote their themes as Rationalist, Processualist and Critical. This enables apparently different arguments and assertions to be analysed from the breadth of the literature, and allows me to show how all three schools reduce, in at least one crucial respect, to ironical versions of the same, even as the tantalising possibility of critical difference materialises. I will, following the insights of Knights and Morgan (1991) and Alvesson and Willmott (1995), argue against the idea of a rationalist/processualist divide, warning that the processual school ultimately reneges on premises given and promises made, in a fashion which echoes that of the rationalists. But I will additionally argue that this collapse of difference occurs where accounting steals into the different analyses of strategy, as both approaches treat it as purely secondary, thus failing to appreciate the extent of its power to structure what is done and said in the name of strategy. But then this argument becomes a critique of critical analyses, for at or on



this point their espoused difference begins to weaken. For, to date, the critical school of strategy has said little on accounting's constitutive role, joining instead with the other schools in perceiving accounting as a secondary issue, and indeed implicitly asserting the view of accounting as a *mirror*, reflecting rather than constructing organisational reality.

Thus, while this paper is situated within strategy's critical project, I hope to make a contribution by drawing on what is in many ways a parallel yet often ignored literature, that now known as 'critical accounting'. Following the genealogical paths of Knights and Morgan (1991) and Hoskin *et al* (1997) as well as the theoretical excavation of the strategy literature in Lim (1998) and Lim and Hoskin (1998) <sup>2</sup>, I wish to further develop the agenda of firstly *de-naturalising* the question of strategy, and secondly, *disinterring* accounting from the obscured depths of modernist strategic discourse.

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<sup>2</sup> This project exhibits a constant tension between theory and practice. While Hoskin *et al* (1997) theorise the entrance of accounting into the discourse of military strategy, it is not clear just how widespread these practices were *in-use*. This blurring of the boundary between text and action may be intentional, but the lack of clarity extends to contemporary studies of the inter-relationship between strategy and accounting. This paper upholds the thrust of Hoskin's thesis within the critical re-reading of theoretical discourses of strategy but finds the empirical picture far more complex. Theoretical and empirical discourses are joined in their ignorance of the constitutive power of accounting practices within knowledge of strategy, yet as a result of their differing contexts, empirical practices construct different formations to those found in theory. While this presents a barrier to the transfer of *situational* knowledge, this does not prevent the deeper understanding of the mechanisms at work across theory and practice.

# **On the concept of strategy – a historical perspective**

It is the recent strand of genealogical research, inspired primarily by the work of Michel Foucault, that will be turned to first. Broadly speaking, this has conceptualised strategy as a set of discourses and practices, forming a moving vehicle of power-knowledge relations rather than an essentialised way of seeing. As such, the question of strategy can be denaturalised, being no longer taken as given. It is this reworking of the history of strategy that enables the previously hidden role of accounting to first become visible.

## ***The emergence of strategy out of managerialism***

‘How do we escape the logic of our reason?’

(March, 1988/1971: 261)

Hoskin *et al* (1997) begin their challenge to the history of strategy by highlighting how conventional accounts presume that strategy derives in some automatic or ‘natural’ way from the military sphere (where it is in the special province of generals). From here, it has passed thence to the business sphere, whether in the distant past or via twentieth-century military science. However, it is this very alluring simplicity which allows the most critical aspects of this transformation to be overlooked.

During the nineteenth century, the practices of writing, grading and examining, so central to the power-knowledge relation which spawned modern management accounting, can also be identified within the history of military strategy. Alfred Mahan

is identified as the person who, in midst of the growth of these new practices, constructs a new discourse of (naval) strategy. This discourse differentiates itself from the old, by its perpetual drive to analyse and thus control the future, *through* the new practices. Prior to this, strategy was almost entirely concerned with conflict itself; giving primacy to the annihilation of the enemy on the field of battle. Mahan's conceptualisation is strikingly different<sup>3</sup> seeing strategy as (Hoskin et al 1997, p15) *'..something that must stretch indefinitely over time and space, continuous, ubiquitous and constantly under appraisal'*. Such ambitions can be seen to have pervaded strategic talk to such an extent that by the time of the appropriation of formal strategy discourse by business, the displacement of the old is complete, with traces all but eliminated.

This approach questions the nature of 'doing strategy' in general, by arguing that traditional military strategy, with a textual pedigree dating back to ancient Greece, is essentially different from modern strategy, in either its military or business forms. For in this older regime, 'the general was the plan'. By contrast, the distinctive feature of modern strategy is that it always requires a level beyond the general, as the Head Office, the Staff Function, or some other entity, which plans on the basis of key information drawn from below, summarising the organisation's activities and capacities, but simultaneously focused on dealing with what one military strategist (Luttwak 1987) describes as the 'reactive enemy'. This kind of strategising is a distinctive break with the old military tradition, as much as with older ways of doing business, and can, in both cases, be traced to the mid-19<sup>th</sup> century. Mirroring the disciplinary shift which

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<sup>3</sup> Interestingly, Sun Tzu's (1993) *The Art of War*, written more than 2,400 years ago, states in Chapter 4, Dispositions: *'..the elements of the art of war are first, the measurement of space; second, the estimation of quantities; third, calculations; fourth, comparisons; and fifth, chances of victory.'* Sun Tzu's work has very distinctive similarities to the modern concept of strategy.

occurred at the birth of managerialism (Hoskin and Macve, 1994), and at the introduction of standard costing (Miller and O'Leary, 1994), it shows off the 'disruptive' style of Foucault's work, focusing in on the hitherto ignored elements of the power-knowledge relationship. Thus, to put it another way, this work refuses to fit its theorising within the paradigm of, for example, Johnson and Kaplan's (1987) history of accounting, visualising such discourse as limited in its ability to capture what happened. Their paradigm can best be described as rational-economic, being strongly influenced by a privileging of the economic. This placing of accounting as a response to corporate profit-maximising demand constitutes (or indeed subjugates) accounting as an unproblematic and stable activity.

The genealogy of strategy was being studied independently by Knights and Morgan (1995, 1991, 1990) and at the same time as Hoskin (1990), the predecessor to Hoskin *et al* (1997). Like Hoskin *et al* (1997), they identify military strategy as articulating a '*means of planning war and regulating combats*', but they focus especially on the role of a military and professional elite (Knights and Morgan, 1990: 477). It is this class, they argue, which developed strategy as a means for sustaining their powerful position within society. During the inter-war years, advances in technology are seen as constituting a focus on surveillance techniques which could analyse time and space. This is asserted by Knights and Morgan (1991: 258) as providing a model of how the external and the internal could be linked, thereby rendering attractive the discourse to business. Post-Second World War saw further changes, notably the separation of ownership from control, the increasingly global market and the growth of the multi-divisional company (Knights and Morgan, 1991: 257). This created a new discursive space which was filled by the discourse of strategy. As befitting 'critical' theorists, Knights and Morgan provide a strong warning of the dangers of assuming that such an occurrence was inevitable. The new discourse emerged from, and was propelled by the academic community, specialist practitioners as well as others. This led critically to a



switch from controlling events *within* the organisation to those *outside*. Disseminated throughout academe and business schools alike, it constituted a new form of expert knowledge.

To illustrate the applicability of their analysis, Knights and Morgan (1995) turn to the life insurance industry. Although the broad institutional environment was 'ripe', the spread of strategic discourse is necessarily discontinuous and problematic, relying on a myriad of industry and organisational specific factors. With regard to the industry, there was little need for strategy until the 1960's, owing to (p 201), '*..stability, order and conservatism*'. There was little competition owing to cartel conditions. Companies felt that they were in control of their environment, removing the need for the sort of sustained, pro-active planning which characterises strategy. The 1980's, however, brought the perception of radical change, much of it, as they see it, under the umbrella of Thatcherism. Competition intensified as barriers to entry were breached with the deregulation of potential competing industries such as banks and building societies. Restrictive practices and other impediments to free market competition were clamped down on, the Financial Services Act heralding the end of the widespread complacency of insurance companies. Knights and Morgan (1995) analyse a specific company, Pensco, and trace the moment of the activation of strategic discourse to a new chief executive. Inspired by the changes in the competitive environment, this chief executive instigated a variety of controls, formalising and tightening up operations, in a move designed to break away from the dominant 'traditional' culture. The new discourse was moulded by two main influences - cultural inertia manifesting as resistance, and the exploding demands in the marketplace. The latter influence led to a paradoxical culling of the strategic horizons, biasing them towards short-term needs. As such, I would argue that

Knights and Morgan demonstrate to an extent how accounting practices have infiltrated the discourse of strategy, in line with Hoskin *et al*'s thesis (1997)<sup>4</sup>.

Strategy has been shown to be a product of a multiplicity of players, discourses and practices, with activity taking place simultaneously in a variety of interlinked contexts. The questionability of the assumption of *strategy* has begun to be unveiled, problematising the formation of strategic discourse in general. Knights and Morgan (1991; 1995) focused a critical attention on the construction of meanings as a process or practice in which the individual (and the individual text) cannot be separated in some absolute way from the social or organisational context. Morgan and Sturdy (forthcoming: 305) argue for a *post-strategic* framework which will respect the role played by varying environmental structures in the proliferation of discourses of strategy, *as well as* the ways in which these discourses actively participate in the construction of their own alluring representation of reality. In this way, therefore, the boundaries of the organisation are appreciable as made visible through the discourse of strategy, and the separation of external from internal can be denaturalised.

## ***Disinterring accounting practices***

The practices identified, which are today invisibly infused into Western societies, provided the catalyst for the explosion of what is now accepted as business strategy. If Hoskin *et al* (1997) are correct, both the development of modern strategy and the emergence of managerialism are aspects of the same 'disciplinary transformation', and involve the same sets of people. The argument has been made previously (*e.g.* Hoskin and Macve 1988) that the invention of the managerial 'modern business enterprise' in

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<sup>4</sup> This is critiqued later under the Critical school section.

the U.S. (c.f. Chandler 1977) was engineered not by businessmen but by graduates of the U.S. Military Academy in West Point, who translated the new 'disciplinary practices' under which they learned there into the world of work. This occurred, as Chandler (1977) argued first at the U.S. Armory at Springfield and then on the early U.S. Railroads, but not for the reasons Chandler posits.

His 'administrative coordination' is made up of putting writing, examining and grading to use to coordinate activity within units (setting targets, generating performance reports and generally introducing forms of human accounting and accountability), and across units, in the form of the hierarchical coordination of activity via a line and staff system. These practices were then disseminated not only into other business sectors (as Chandler shows) but *back* into the military world generally. In particular this occurs during the American Civil War, as certain of the West Point pioneers get involved in helping the Union army to retrieve a losing situation, through the introduction of the same type of hierarchical co-ordination of activity. The most visible sign of this is the introduction of a General Staff office to coordinate all the individual Union armies, thus ending the autonomy of the individual general. In this context, the fact that it should be Mahan who becomes the first theorist of modern military strategy takes on an added significance, since he was the product of this very environment. Not only was he a graduate of the U.S. Naval Academy, but he was the son of a leading West Point teacher, and so was born and raised at the heart of this new disciplinary world (Hoskin *et al* 1997).

One could argue, against such a proposition, that many companies operate today which do not impose formal systems of accountability. Munro (1995) for instance has charted the cardinal reliance on rituals, precedence and 'permission-seeking talk' within a large and very successful financial services company. The practices of writing, grading and examining are apparently absent, as is an explicit commitment to a discourse of

'strategy' - at least in terms of managerialist practices of prediction and control. However, one can now, some years on, counter-argue that perhaps these practices were not *immediately visible*, but were embedded deep within the companies, or alternatively were operating from 'out there' in the wider financial world. This latter possibility has gained in credibility, as these companies have become increasingly compelled to 'prove' the rigour of their efficiency and accountability systems under the glare of Merger and Acquisition bids. These frequently deploy accounting valuations on both sides to prove and counter-prove how complacent/efficient the handling of funds has been in terms of generating shareholder value. Thus, while there may have been a '*virtual absence of any formal or accounting based management control systems*' (Munro, 1995: 438), there is now a question-mark over the earlier perception of 'Bestsafe' as a '*highly successful market leader*' (1995: 438), a question-mark made visible through the effects of accounting practice. Insofar as Bestsafe has had to demonstrate accounting-derived 'good value' at the external level, it has thereby exposed itself to the penetration of the accounting eye into its internal strategic management practice.

## **Summary**

The critical reworking of the history of strategy produces a profound insight into the contemporary study of strategy. Most importantly, an accounting problematic, springing out of managerialism, is uncovered within the rupture that produced what is now known as business strategy. Driven by this genealogical work, I now present an accounting-focussed re-reading of the strategy literature, one which attempts to make more visible accounting's role within strategy.



# Rational Strategy Theory

Early rationalist work was exemplified by Selznick's (1957) work on leadership, whereby a strategy was designed *before* facing up to the organisation, thus injecting long-run intentions into day-to-day behaviour. Alfred Sloan (1963), the former President of General Motors, drew on his personal experience in claiming that the strategic problem as one of positioning the firm in those markets in which maximum profits can be earned. Accounting thereby had an integral secondary role in defining the success (or failure) of the business goal of achieving the highest return on capital. This strategy literature was a distillation from earlier US-derived forms of strategy practice, as with Sloan's experience at General Motors of developing and running the M-form divisionalised corporation via Return on Investment measures from the 1920's. Thus within rational strategy, what mattered was the long term view, epitomised in the rationally planned strategy *policy* of the leader or manager.

'The strategic aim of an enterprise is to produce a satisfactory return on the resources invested in it, and if the return is not satisfactory, either the deficiency must be corrected or the resources allocated elsewhere.'

(Alfred Sloan, quoted in Ansoff, 1979: 131)

## ***Prescriptions for planning and control***

The two great early strategy theorists within the US business-academic world were Ansoff and Chandler. Ansoff produced a series of landmark books extending and developing the concept of rational strategy, moving beyond policy to policy *management*.

From the 1960's on, his focus was on the process of strategy formulation, in which strategy became visible as formalised planning – controlled, conscious and capable of being broken down into executable pieces such as objectives, programs, budgets and decision procedures. Ansoff also recognised that there was an inherent set of twin problems in making this process work: there was the problem of being contextually aware as to what the appropriate strategy was, and how it might change in a world of flux, and then there was the problem of implementing the strategy once decided. As he put it, quoting Sloan:

'A complete strategic theory of the firm must model two distinctive phenomena: (a) the relation between external and internal stimuli on the firm and the resulting strategic action; (b) the relation between a given strategic action and the consequent performance of the firm.'

(Ansoff, 1969: 39)

The consequent multiple linkages between the internal and the external therefore had to be identified and made visible. But the way this had to be handled as process was managerially, which made the managerial 'class' a if not *the* key organisational resource. So, as he stressed:

'Unlike most available theories, this theory is *managerial* in the sense that management is identified and treated as an influential social class within the organization. Management is neither idealized, as in microeconomic theory, nor neglected altogether, as in the bulk of organizational sociology. Instead, a variety of managerial behaviours is treated, ranging from forceful to conservative. This element is essential if the connection to practical technology is to be made visible.'

(Ansoff, 1979: 3)

The analysis of 'managerial behaviours' was argued to be realistic, in that within the model management behaviour was recognised as varying from pathological to

progressive. This contingency type approach to understanding strategy was justified on the grounds that success stems from a matching of environment, response, culture and capability. At the same time it was not to any great extent a reflective or critically aware *description* of how management operated in practice, or at the level of management practices. Instead this strategy discourse was dominated by normative prescriptions about how management ought to manage, as in exhortations like the following. *'In the business firm, the work-giving management is responsible for the welfare of the enterprise. The very reason for its existence is to provide guidance and control to the firm in a way which will assure its survival and success.'* (1979: 125).

Perhaps this is explicable in part as a means to getting strategy and strategy theory taken seriously. However it meant that Ansoff's work was in this respect a form of managerial prescription, which therefore took the existence of management as a powerful 'class' for granted. The issue was how to run the firm and not whether managers or management were problematic categories which might need sustained reflection in and of *themselves*.

During his later work (e.g. 1979, Ansoff & McDonnell, 1990), Ansoff continued to plough much the same furrow, while developing new variations on his prescriptive theme. For instance, the late 1970's saw him focussing on 'issue management', given the way that turbulence in the environment made it so difficult to plan precisely for all outcomes<sup>5</sup>. However, he continued to work with a view of strategy as essentially top-down and non-problematic (if only it is 'done right'). Even in his late work, as he shifts

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<sup>5</sup> At such moments Ansoff is not so far from the processualists in his recognition of the endemic significance of change, as in comments like : *'In a majority of cases...change is triggered by events in the outside environment, but strategic change is also frequently caused by internal power shifts. (...) ...change is an ongoing process.'* (Ansoff, 1979: 175)

into the study of the management of discontinuous change, the focus on prescriptive planning and control is unwavering, as in the following:

*Thus, strategic management is a systematic approach for managing strategic change which consists of the following:*

1. Positioning of the firm through strategy and capability planning.
2. Real-time strategic response through issue management.
3. Systematic management of resistance during strategic implementation.'

(Ansoff and McDonnell, 1990: xvi)

Ansoff's work has much in common with Chandler's, not least since (1979) he names Chandler's historical work (1962; 1977), along with Cyert and March (1963), as one of his major influences, stating:

*'This book, like Chandler's, is built on the basic hypothesis that environment, external strategic behaviour, and the internal 'structure' are interrelated.'*

(Ansoff, 1979: 7)

But Chandler's work is differentiated by its deeper historical analysis, which raises the issue of management as *problem* in a more integral way, since one of Chandler's major themes is that management is an invention of the 19<sup>th</sup> century, therefore something that needs explaining in its own right. However, it is similar to Ansoff's in that it also underscores strategy as being for the long run, and thus requiring an explicit and deliberate conception of goals. Chandler's distinctive contribution is to think through the strategy/structure relation on the basis of his historical analysis, seeing the emergence of modern business enterprise, most notably in the multidivisional form, as a distinctive new means of enabling top management to focus on strategic aspirations. In his formulation, strategy precedes structure, based on his analysis of the way that



successful long-term businesses have in general emerged and thrived within the modern managerial world. Thus strategy formulation and control needs to be the task of top management, with implementation left to the operational managers positioned at appropriate positions within the required structure.

So for Chandler strategy may continue to be conceptualised as top-down, planned and prescriptive, but he did focus on how management was done in practice, in particular through the practice of administrative coordination. Here Chandler was critical of the failure of economists to understand, or factor in, the consequences of management's invention for the functioning of modern economies. For him, the power accruing to administrative coordination has meant that the visible hand of management has, in many sectors, replaced the invisible hand of the market at the heart of economic activity. As he puts it:

'By routinizing the transactions between units, the costs of those transactions were lowered. By linking the administration of producing units with buying and distributing units, costs for information on markets and sources of supply were reduced. Of much greater significance, the internalization of many units permitted the flow of goods from one unit to another to be administratively coordinated.'

(Chandler, 1977: 7)

Thus Chandler has established grounds for seeing not only why strategy could be so central to the running of individual firms, but why it was likely to be so ubiquitous in the world of modern business enterprise generally. For it is the means by which the visible hand of top management is able to dominate the invisible hand, via the development of oligopoly.

Perhaps the greatest beneficiary of the kind of strategic discourse that Ansoff and Chandler initiated has been Michael Porter. Porter's influential research (1980, 1985) on *Competitive Strategy* and *Competitive Advantage* has shaped the more recent discourse of strategy in the business world in significant ways, by combining a focus on sectoral environments with a detailed analysis of how the production value is coordinated through a judicious and appropriate choice of strategy. His work can therefore be seen as having added substantially to the rational literature. While his first book describes in detail analytical techniques for positioning in a given industrial sector, his second breaks the inside of the firm down into the discrete, albeit interdependent, components. In the revised introduction to the latter, he re-iterates the importance of therefore studying activities rigorously.

'It is simplistic to think that positions (product market competition) and supposedly more enduring internal skills, reputation, and organizational competencies can be disconnected. In fact, activities connect the two. Is a firm a collection of activities or a set of resources and capabilities? Clearly a firm is both. But activities are what firms do, and they define the resources and capabilities that are relevant.'

(Porter, 1998/1985: xix)

This enables Porter, despite criticism as the range of what gets said within strategy has increased, to continue to stand by the approach developed in his books. It is rational to treat the firm as a single goal-directed entity, with the critical questions being 'what is the business doing now, what is happening in the environment, what should the business be doing?' Thus the core of competitive strategy is sustained, through positioning the firm optimally in the industry environment, and ensuring that activities are coordinated to exploit optimally the internal stock of assets which drive competitive advantage.

Amongst other key figures in the rationalist mould, Goold and Campbell (1987) in their work on *Strategies and Styles*, continue on from the classical works by investigating further the role of the centre.

‘The role of the centre in policy formulation, planning and resource allocation was viewed as critical by Chandler and Williamson. But how these roles should be defined and discharged is less clear.’ (22)

Two core practices of the centre are pulled out, planning and control.

‘Our research has demonstrated that no single account of the role of the centre is adequate. (...) To bring out...differences, we focused on the way that the centre influences managers lower down and affects the decisions that they make. Following the work of previous researchers, we defined two dimensions of the centre's influence process – planning influence and control influence.’ (35)

Three dominant styles are thus produced: Strategic Planning, Strategic Control and Financial Control. It is intriguing, however, to see here how planning and control approaches are *both* underpinned by notions of control. Strategic Planning companies are characterised by strong central leadership, focusing on core decision-making processes aimed at building a co-ordinated portfolio of businesses. Financial Control companies concentrate the achievement of financial performance, whereas Strategic Control companies attempt to balance strategising with short-term financial goals. All styles therefore display a tendency to conflate planning considerations with those of how the centre should control. Goold and Campbell conclude by highlighting what they see as the key issue for central management, ‘*adding value*’ (Chapter 13).

‘This chapter is central to our thesis. It explains the nature of the value created by the centre: it shows how the centre can help business units and why multibusiness units can outperform

single-business companies. (...) We conclude that each of the three main styles can add value. (...) ...each style inevitably subtracts value as well as adding it. The task of managers at the centre is to ensure that their net contribution is positive.'

This underlying commitment to adding 'value' is where the reliance on accounting practices becomes visible as something that is common across the Rationalist approach. As Mintzberg astutely points out, the notions of planning and control (particularly as relied on so heavily by Goold and Campbell 1987, et al) are becoming inseparable, to the extent that their analytical power begins to be substantially reduced. In the light of this thesis' focus on accounting practice, it is noticeable that this conflation of planning and control is tied to the discipline of accounting entering strategy. The influence of accounting is to penetrate strategic decisions so that they appear accountable and controllable.

'Perhaps the clearest theme in the planning literature is its obsession with control – of decisions and strategies, of the present and the future, of thoughts and actions, of workers and managers, (201) of markets and customers.' (202)

'An obsession with control generally seems to reflect a fear of uncertainty. [...] We all fear uncertainty to some degree, and one way to deal with a felt lack of control, to ensure no surprises, is to flip it over – to seek control over everything that might surprise us.' (202)

'In effect, planning means control, at the very least over the processes by which decisions are made and interrelated, but more commonly over the premises that underlie those decisions if not over the actual decisions themselves.' (198)

(Mintzberg 1994)



## ***Highlighting the reliance on accounting***

The Rationalist approaches can be seen to draw on accounting ideas and techniques in various primary ways. Chandler for instance recognises the constructive role of accounting in the development of modes of administrative coordination.

'...a constant flow of information was essential to the efficient operation of these new large business domains. For the middle and top managers, control through statistics quickly became both a science and art. This need for accurate information led to the devising of improved methods for collecting, collating, and analyzing a wide variety of data generated by the day-to-day operations of the enterprise. Of even more importance it brought a revolution in accounting... (...) ...to meet the needs of managing the first modern business enterprise, managers of large American railroads during the 1850s and 1860s invented nearly all of the basic techniques of modern accounting.'

(Chandler, 1977: 109)

This innovation in accounting was translated into a practice for measuring and monitoring overall financial performance, making success fundamentally reliant on accounting information.

'After defining costs carefully, Pierre du Pont and his financial managers turned to a more precise definition of profit and with it a more precise criterion for evaluating financial performance.'

(Chandler, 1977: 445)

Porter also necessarily employs accounting in the construction of his Value Chain and the rational analysis of 'competitive advantage' that flows therefrom. Its function is to make better sense of the organisation by producing a cost-derived set of rational

calculations of where value is (and is not) being added, and how value can therefore be increased either by reducing costs or increasing revenues. In Porter's own words:

'Competitive advantage cannot be understood by looking at a firm as a whole. It stems from the many discrete activities a firm performs in designing, producing, marketing, delivering, and supporting its products. [...] The value chain disaggregates a firm into its strategically relevant activities in order to understand the behaviour of costs and potential sources of differentiation.'

(Porter, 1985: 33)

Ansoff has drawn on similar accounting-based ways of conceptualising key strategic management problems, as in this example from his most recent book:

'When a discontinuous change impacts on the firm, two costs are incurred. The cumulative loss of profit, and the cost incurred in arresting or reversing the loss. The management problem is to minimize the sum of the two losses by restoring profitability of affected product lines, or by shutting down the operations that support them.'

(Ansoff and McDonnell, 1990: 367)

## **Summary**

Of great importance here is the *view* of accounting which enables such an approach to proceed. Accounting is wielded as the non-problematic calculative instrument which can provide the antidote to managerial anxiety, offering the suppression of uncertainty through quantifiability of performance. This formulation of accounting is drawn upon as if it were already or always there, naturalising its discourse and refraining from the reflexive consideration of its genesis.

# Processual Research

The first great debate within the broadening field of strategy was that between the prescriptive and managerial focus of Chandler, Ansoff and Porter, and the more sociologically-informed 'processual' research of Mintzberg (*e.g.* 1994), Quinn (*e.g.* 1980) and Pettigrew (*e.g.* 1985). Rationalists have not taken this challenge lying down. One may for instance cite Porter's warning (Porter, 1996) about the dangers that attend abandonment of the rationalist approach in favour of the more reflexive and anti-rationalist approaches found in the work of processualist 'management gurus' (*e.g.* Hamel and Prahalad 1994). These *'beliefs are dangerous half-truths, and they are leading more and more companies down the path of mutually destructive competition'* (Porter, 1996: 61). Yet despite these strictures, processualist approaches continue to gain ground, as appearing more nuanced, or more 'realistic' in a world where both the external and internal environments are increasingly unpredictable and thus unresponsive to a rigorous rationalist approach. .

Within processual work, however, the persistence of conventional accounting notions and practices can also be discovered and exposed. This is of interest because processual work was supposed to be the oppositional approach which got beyond the rigidities of, and offered a genuine alternative to, the rationalists. Yet in this respect the radical alternative seems to be conventional, as in general it leaves accounting unexamined, as the instrumentally unproblematic handmaiden to strategy.

## ***Emergence of rationalist/processualist divide***

It is possible to see the emergence of processualism *itself as a process*, in which a new kind of claim to rational understanding of strategy was articulated.<sup>6</sup> This approach has a certain virtue here, in that it enables one to bring out key points of difference that the processualists themselves claimed, before asking how or how far they 'remain the same'. And arguably the path by which they claimed difference from the rationalists is critical in understanding the ground upon which they now walk. Certainly such an argument has informed Eisenhardt and Zbaracki's thesis (1992: 18) that the processualists have set up a straw man of 'strategy', as something supposedly fixed and unchanging, in their critiques of the rationalist school. [This is one accusation upon which this section will hope to throw light.]

However, returning to the key differences, a typical processualist claim is Pettigrew's contention that, while the rationalists progressed from the study of strategy formulation to its implementation, in so doing they never looked effectively beyond the field of strategy as 'content'. Against this, Pettigrew constitutes a new discursive domain, where strategy is to be seen as inherently contextualised process. He puts the difference thus:

'This rational picture of business problem-solving has as its concern the content or what of a strategy – the outcome which is sought – and has nothing to say at an explicit level of how to achieve that outcome. In other words it has no process theory within it of how and why to create the strategic outcomes so perceptively and logically derived from the analysis of competitive forces.' (Pettigrew 1985: 19)

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<sup>6</sup> This is not to claim that this was the only alternative with a claim to be establishing a new reason. Around this time the economics paradigm, which is now strongly established, was also developing (e.g. Rumelt, Schendel and Teece 1991).



Context therefore needs to be systematically kept in view, as the frame within which strategy is both formulated and implemented.

'Strategy formulation is contextually based. Strategy may be understood as a flow of events, values, and actions running through a context. ....This context affects the process of strategy formulation. The implementation of any outcomes of the strategy-formulation process in turn become the new contextual background for resolving future dilemmas. [...] Out of the partial resolution of those dilemmas evolves strategy.' (Pettigrew 1982: 94-95)

This constitutes the grounding for a new kind of debate, over whether strategy is planned or emergent. For here strategising is seen as being undertaken within a world of 'bounded rationality', where constant recognition needs to be given to the difficulties that managers face in articulating their visions. Thus the processualists tend to criticise what they see as the over-normative overtones of its predecessor. As Pettigrew (1987: 655) remarks, *'much research on organizational change is ahistorical, aprocessual and acontextual in character.'*

The recognition of strategy as emergent over time produces the well-known distinction between intended and realised strategies, and highlights the complex and therefore unpredictable socio-political nature of organisations (Mintzberg 1994). Internal organisational cultures become seen as multiple and often conflicting, revolving ambiguously around changing beliefs and power distributions. Set against this messy backdrop, the deliberate top-down administrative co-ordination promised by strategic planners can be perceived as falling way short of its hard-hitting rhetoric, as they undertheorise the internal context of organisational strategy. Indeed, the promotion of systematic and formalised analysis may now be reproached as counter-productive, as it

potentially suppresses, instead of encouraging, the flexibility that firms may need to compete effectively.

If the rhetoric of processual advocates is to be acceded to, then, the study of process is inaugurated as the *antithesis* of the rationalist school. So Mintzberg for instance, in his book *'The Rise and Fall of Strategic Planning'* (1994), dissects a wide variety of what he sees as myths, which he argues cloud the reasoning of the strategic planning phenomenon, claiming that *'(u)ltimately, the term "strategic planning" has proved to be an oxymoron'* (1994: 321).

One of the distinctive features claimed by the processual approach is the move away from pure prescription towards a more descriptive emphasis. Yet here is a first slippage of difference, insofar as processualist discourse sometimes demonstrates a propensity of its own to slip into a managerialist kind of prescription within description. So, while Quinn forcefully states that *'strategy deals with the unknowable, not the uncertain'* (1995/1978: 114) this does not prevent him on a later occasion from delineating the strategy process as a sequence of steps which are 'generally' followed when *'managing strategies incrementally'* (1988/1982: 805). There is a prescriptive sense in which 'effective managers' are described as taking up tentative positions, building organisational awareness and broadening political support before formalising strategic goals. Pettigrew and Whipp (1991) have recognised this dimension in Quinn's approach, characterising his message as *'very prescriptive'* (Pettigrew and Whipp 1991: 173). Yet this does not mean that their own work is necessarily free of the same tendency. On occasion Pettigrew can sound somewhat prescriptive, as when he makes statements such as: *'the starting point for this analysis of strategic change is the notion that formulating the content of any new strategy inevitably entails managing its context and process'* (1987: 657). Similarly, Pettigrew and Whipp (1991: 104) identify a pattern in the behaviour of managers in higher performing firms, and extract a five-factor

framework which they believe is used in practice (environmental assessment, leading change, linking strategic and operational change, human resources as assets and liabilities and coherence in the management of change). This might be argued to be pure description<sup>7</sup>. However, despite their insistence that this model '*is not intended to be used narrowly as a manual for managing change*' (1991: 270), it still runs the risk of becoming a checklist for 'doing strategy well' via a managerialist approach which emphasises management (and accounting-derived) control.

So perhaps, as Eisenhardt and Zbaracki (1992: 22) suggest, the story of the processualist approach is more complex. Processualism presents itself as a reasoned reaction to the rationalist approach, notably in moments like Mintzberg's (1994) critique of planning. Focussing on process, it sees explanation as more rational when it recognises the influence of power and politics, and the ubiquity of context. The processual approach can therefore be seen in a sense as *post-rationalist*, yet in the name of a deeper reason, which variously recognises the roles of the social, the political and the subject.

But in particular when it turns to the question of the different, and differently located, subjects involved in 'doing strategy', the difference from rationalism, I would argue, becomes hard to maintain.

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<sup>7</sup> However, interestingly the *form* chosen for Pettigrew and Whipp's model matches that of Porter's (1980: 4) five-forces.

## Concepts of subjectivity

'The heart of the political perspective is the process by which conflict is resolved among individuals with competing preferences. Simply put, decisions follow the desires and subsequent choices of the most powerful people...'

(Eisenhardt and Zbaracki 1992: 23)

Within the processual approach to strategy, the question of what 'powerful' managers do becomes centrally pertinent. This is not to say that what is done to them and to other subjects in the name of strategy is not relevant also, but the role of the 'powerful subject' is likely to be particularly significant, since the *processual* focus is so much on what 'leaders' do (or fail to do). So while general investigation into management or workplace identities is important under processualism, the study of the top manager as subject engaged in the strategy process is particularly so. It is here that it sometimes proves so difficult to avoid some lapse itowards the prescriptivism of the Rationalist approach.

This is not consistently the case. For instance, Pettigrew (1992), in an editorial for a special issue of the *Strategic Management Journal* on strategy process research, begins a discussion of agency by viewing social life as a '*process of structural emergence via actions*' (Pettigrew 1992: 8). He then develops a nuanced understanding of the problem of agency, referencing a number of social theorists, and recognising that '*although there is capacity for agency in all human beings, differences in power, knowledge, and other resources provide different opportunities for the realization of influence in social processes*' (Pettigrew 1992: 8). The question that emerges, however, is how far the top manager as subject is then recognised at the level of action as confronting choices and making decisions in conditions of undecidability. Alternatively, how far does 'top



management' as focal point around which so many undecidabilities swirl become the *means of resolving* the undecidabilities of doing strategy?

The criticism has been made that too often the 'top manager' as subject becomes the unwitting device through whom the problems involved in doing strategy are foreclosed. Undecidabilities are seen as having been resolved through their 'leadership', a term that therefore conceals process as much as revealing it. So Alvesson and Willmott comment, '*[a] basic limitation of much processual analysis is that little or no account is taken of how managers come to assume and maintain a monopoly of what has become institutionalized as "strategic" decision-making responsibility.*' (1995: 95).

The way in which this sort of analysis becomes prescription is quite nuanced. It is not a matter of telling top managers what to do; instead it reveals that there is no other way to resolve problems than through top management's 'leadership'. As an example of this sort of 'passive prescriptiveness', Quinn offers the dictum that '*effective managers of innovation channel and control its main directions*' (1995/1985: 713). Pettigrew and Whipp, in a similar moment, call for '*leadership which can operate with multiple levers and at multiple levels*' (1991: 166). At such moments, it seems, processualist work breaks off from investigating why and how (i.e. as a process) strategic managers as subjects come to make decisions under conditions of undecidability, and equally how other organisational subjects acquiesce or conspire in enabling them to do so. In Willmott's (1984: 361) view, the approach fails in the sense that, '*...although this highlights the significance of structural power differentials and conflicts of interests within organizations, the pluralist perspective offers little or no explanation of the distribution of power.*' In Fincham's overview observation, the insufficient *processual* engagement in deconstructing 'leadership' is the flaw:



'The need to account for the 'management of meaning' produces a central dilemma, in the resolution for which Pettigrew turns to concepts of leadership. He places strong emphasis on the actions of 'transforming' and 'visionary' leaders, or simply 'exceptional people'. Yet the idea of strategic change as the product of figurehead personalities in management is itself oversimplifying; it becomes a *deus ex machina* in accounting for how intangibles like culture and politics can be 'managed'. Strongly value-laden concepts like charismatic leadership are difficult to build into any clear model of organizational change, as change itself becomes bound up with the actors who bring it about.'

(Fincham 1992: 746)

So from the point of view of this study, while it is reasonable that, within the politicised context of organising, individuals are seen as boundedly rational and goal-directed, what too often happens is that the subject's relation to practices is marginalised through being substituted by images of the 'visionary leader'. So for instance this obscures how concepts of 'leadership' are in themselves maintained via practices (c.f. Knights and Willmott 1992: 777). So while the processualists recognise the importance of contextual questioning and have made substantial progress along this path, their discourse appears at such moments to forestall the continued formulation and investigation of the questions they purportedly pursue.<sup>8</sup>

Of course this may not all be unintentional. For instance, if one reads back to the early work of Pettigrew, it is apparent that one of his concerns was to move away from what he saw as the over-individualisation of decision-making and the failure to acknowledge structural and contextual dynamics. So he observes:

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<sup>8</sup> Perhaps the failure to engage with the subject as such is a manifestation of a '*desire for exhaustive representations of the world as part of a project of self-autonomy and sovereignty*.' (Knights 1997: 11).

'However, March and Simon's (1958) tendency to project individual processes of choice into statements about organisational processes of decision-making means there is a liberal bias to reconstructing the organisation from the perspective and interests of the individual, and not enough on demonstrating how the organisation structures the perspective and interests of the individual..' (Pettigrew, 1985: 20)

There is an important point here insofar as the approach that focusses on such phenomena as bounded rationality and satisficing fails to appreciate the role of political processes in shaping organisational action. Yet what critiques like Fincham's indicate is that the problem of the subject is not thereby *erased*, and Pettigrew's reliance on the concept of powerful leadership as the 'hinge', so to speak, on which explanations of how top managers, as subjects, act, allows an idealised subject back into the centre of analysis. This subject, as he/she who acts in accord with the requirements of leadership, is the vehicle of strategy as positive presence, and thereby as vehicle for prescription of what managers ought to do. Constituting such an ideal-rational and powerful entity as so central leaves the question of how organizational subjects in general interact receding from view. How leadership and followership are mutually constituted and negotiated in practice is a question constantly deferred.<sup>9</sup>

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<sup>9</sup> The effect of thinking in terms of idealised subjects is well captured in the rather different context of education by Lave and Wenger (1991): 'Painting a picture of the person as a primarily "cognitive" entity tends to promote a nonpersonal view of knowledge, skills, tasks, activities, and learning. ....It is by the theoretical process of decentering in relational terms that one can construct a robust notion of "whole person" which does justice to the multiple relations through which persons define themselves in practice...' (Lave and Wenger 1991: 53-4).

Some of this can be seen through a close analysis of the following passage from Pettigrew's (1985) *The Awakening Giant*, Chapter 9, '*The top-down strategy for creating change: Mond Division*'.

'These changes...were driven by a chairman and board of Mond who had been uplifted by the business pressures of the day. But in this case it was not just a question of a combination of the business imperative galvanising business purpose and political will to create necessary change, the other part of the jigsaw...was the guiding influence of an intellectually coherent and well-communicated framework for thinking about the content of the changes... The evolution of th[is] framework...and the political will and process skill to make it happen, can be explained as a result of both the business imperatives of the day, and a long-term process led by a number of senior board members of Mond – with consultancy help, to first open up, and then clarify, the purpose and total business development of Mond in the changing social, economic, and political environment of the 1970s and 1980s.'

(1985: 319-320)

Here, even as context and process are celebrated, the hinge role of 'leadership comes into play in explaining what took place. The way changes were 'driven' by chairman and Board as they gravitated into the special state of being 'uplifted' by business pressures. In a sense these top management subjects both embody the 'business imperative...and political will' (as conductors of the 'galvanising' effect) and are the vehicles articulating the 'intellectually coherent and well-communicated framework for thinking'. They are in that respect the carriers *par excellence* of power-knowledge relations. When the change process was '*faltering, meandering, and haphazard*' (1985: 320), it is they who get it back on track, who decide the undecidabilities. But that very characterisation of top management means that the way in which, processually or at the level of practices, those relations play out remains unexplored. The work remains a defining study of leadership of a certain type: in Pettigrew's words

'...as seen through the eyes and actions of the main board, divisional boards, and senior managers of ICI. This book therefore contributes to knowledge about the part played by very senior executives in corporate-wide strategic changes, the role of divisional boards and directors in making division-wide changes in structure, organisational culture and manpower...' (xviii)

But in the end the play of power and resistance, decision and undecidability, remains under-explained.

This kind of critique is not limited to Pettigrew's work alone, however. Instead the leading processual writings seem in general to share in versions of the same problem. For instance, Mintzberg's early work discusses the ten different roles of managers without ever engaging in the study of management practices *in practice* at the day to day level. So he observes that '*[t]he work of managers of all types may be described in terms of ten observable roles: figurehead, liaison, and leader (interpersonal roles), monitor, disseminator, and spokesman (information roles), and entrepreneur, disturbance handler, resource allocator, and negotiator (decisional roles).*' (1973: 96). But how the manager as subject *and* object is constituted in undertaking these roles remains unexplored. Take, for instance, the analysis of the 'decisional roles' which for Mintzberg constitute the most critical part of the manager's work, as such work '*justifies his great authority and his powerful access to information*' (1973: 77). Mintzberg asserts:

'One clear conclusion emerges from my study: The manager takes full charge of his organization's strategy-making system.'

(1973: 77)

But as Willmott (1984) counters:



'...although the manager's role set is said to be embedded in 'formal authority', there is no discussion of the contribution of managers' *activities* to the on-going reproduction and legitimation of this authority. The roles are supposed to provide a descriptive theory of what managers do. Yet, because the task content of their activities is abstracted from the 'how' and 'why' of managerial work, it is given the appearance of being peculiarly mechanical and unconditioned by historical and contextual circumstances.' (Willmott, 1984: 357)<sup>10</sup>

By the time of his more recent work (e.g. Mintzberg 1994), he is looking at different processes, e.g. the practice of planning, where he undermines the simple notion that planners plan, by showing how much of the planner's work is taken up in nonplanning roles, e.g. as finder of strategies, analyst, or catalyst. His critique of planning as strategy makes him hold back from crediting the planner with a fourth role as strategist (1994: 391), but even in this critically insightful moment, he does not engage with how planning as practice might take place *beyond* the manager/planner. Thus planning itself is left as an undisputed managerial activity, and therefore the manager as *problematic* subject (and object) again recedes.

An assumption that authority is somehow *given*, and given to manager/strategists, therefore runs through processualist work, and is inextricably linked to the creation of an idealised managerial subject as leader-figure. So a hierarchical power structure is unproblematically given, rather than needing to be explained. And it is *at this level* that the lack of difference from, or underlying affinity with, the Rationalist school becomes

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<sup>10</sup> Willmott further notes that Mintzberg is espousing a scientific analysis in this early work, rejecting unstructured observation '...because the theory it produces cannot be validated scientifically, and the reader is asked to show great faith in the "honesty and reliability of the researcher".' (1984: 359) Yet this deferring to 'science' is not apparently sufficient to focus on practices as such.

manifest. Processualists may transcend the focus on content, but, along with Rationalists, can now be seen to presume the existence of managerial power as a necessary feature of the modern organisation, and thus to concede the presence of strategy as *necessary within that*.

Given that, a focus on such features of the organisational world as inner and outer context, though insightful, fails to break the silence on 'the leader' as subject.<sup>11</sup> The way in which, in many modern organisations, experts are created *throughout* the organisation, destabilising any simple implementation of hierarchical management control *per se*, is hard to handle. The potentially 'positive' role of resistance, and of reflexive critique from 'below', will tend to remain tangential at best. Meanwhile the problem of the subject, and of the relation of subjectivisation and objectivisation to practices, remains systematically excluded.

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<sup>11</sup> Whittington makes the point that the distinction between inner and outer context is in part established through portraying the outer context as economic, and so essentially alien and other from what goes on 'inside'. This on one hand enables management to be portrayable as powerful since they are part of 'the inside'. But it makes the outside (supposedly something accessible and comprehensible via 'inside' understandings) into the radically unknown (and perhaps unknowable), in the sense both of what is 'to be dominated' via strategy, and what the company is 'a part' of, the economy, society, etc. As Whittington puts it: 'Pettigrew (1985, pp.37, 52-83) goes on to distinguish between 'inner' and 'outer' contexts, describing the first in terms of organizational politics, the second almost exclusively in terms of the business and economic 'environment'. The slippage from structure to context is significant. Thus the relationship of the 'outer context' to IC is portrayed in the language of 'trends', 'impacts', 'pressures' and 'triggers' (Pettigrew, 1985, pp.49, 426, 428). Just as revealing is the distinction between 'levels', with the inner context treated as somehow different to the outer context, rather than being expressive of a single totality. ...the outer context is rendered quite literally as alien, with little sense of ICI as an organization actually constituted by the mobilization of the structural properties of the wider society. ...this economic and detached conception of context does hinder him from recognizing ICI's place in wider social struggles extending beyond the enterprise.' (Whittington, 1992: 700-701)

In the end, under this analysis, processualism fails to make the break from the deficiencies that it recognises in rationalism because of this failure to get beyond a residual acceptance of strategy as 'presence', in the way that it allows leadership to remain an insufficiently examined term. There may be many contingent reasons for this: the concern of Pettigrew concerning the over-individualistic focus of earlier leadership literature, the too-ready acceptance of management as, in the first and last instance, a science by Mintzberg.<sup>12</sup> But whatever the specific factors, in the end, as Alvesson and Willmott (1995) put it:

'The fact that Mintzberg and others routinely recognize "strategies" rather than just directions or guiding values, and emphasize the notion of strategy as the key element in business organizations, reinforces the hegemony of strategic thinking – even though variation in its manifestations is emphasized. (...) Consequently, even though parts of the strategic process literature question a number of basic assumptions of mainstream strategic management thinking, this literature also contributes to the construction of "strategy" as a highly significant phenomenon. ...discourses about strategy serve to reinforce and extend means-end thinking as every conceivable activity and operation is subordinated to the test of its strategic relevance and contribution for the realization of taken for granted corporate objectives.' (Alvesson and Willmott, 1995: 98-99)

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<sup>12</sup> Mintzberg himself comments on the possible biographical antecedents of his 'search for order'. 'I was trained as an engineer, a point I tended to dismiss for many years until people began to comment on certain engineering characteristics of my work... Perhaps that is behind my search for order.' (Mintzberg and Miller 1983: 73)

## ***Revealing the hidden role of accounting practices***

What this study proposes is that the way beyond this impasse is to break from rationalism and its discontents in a different way and at a different level than processualism. The proposal is that a focus on the way in which practices enable, shape and limit what subjects say and do within and across managerial organizations will yield a different *kind* of understanding of how subjects successfully engage in 'doing strategy' despite all the problems, internal and external, attendant on the attempt. That this is a different level of analysis will become apparent, since it can consistently refuse to suspend critical thought in the 'presence' of leadership. Leadership, like strategy, is never purely a presence. It is both presence and absence, it implies followership in order to function at all. So the focus is upon the means in which it can have effects once it is refused the possibility of doing so automatically simply by 'being there', being invoked as a term that is ipso facto an explanation. This is where this approach looks to the role of secondary practices, including accounting, in enabling, shaping and limiting what gets said and done across a whole set of subjects. The approach is not necessarily totally divorced from processual work. Indeed the value of processual work in elaborating the approach is that it often tacitly supplies evidence for the effects of such secondary practices, since it is so focused on how people act and react.

As a first illustration of this, I return to Pettigrew's discussion of the Mond division, and of the way a particular crisis was handled and resolved. Up to 1980, Mond was '*big, successful, confident and had a concept of self-worth founded not only in its latter-day business results, but also in its place in the history and development of ICI*' (1985: 319). However, this began to change in the light of the 1980 economic recession, as profitability fell. This is equated to a '*fall from grace*' (1985: 319) by Pettigrew, who is enabled to make this value judgement on the basis of 'the numbers' provided by



accounting which showed that profits had fallen. But help was at hand, in the shape of a new framework for implementing change, known as the Mond Management Model, which is described by Pettigrew as a way of 'answering...the strategic question of 1980'. But the way of answering it yielded was totally based in an accounting metric. As Pettigrew puts it:

'This...model, focussing as it did on the structure, systems, and management processes of the division, provided a...way of answering what became the strategic question of 1980 – how can we run the division's business activities more effectively at substantially less cost?'

(1985: 338)

Subsequently he relays the comments of a director, first on the need for change, and then on how steps were taken to achieve it. Again, both the strategic question and its answer were framed through accounting 'numbers'.

'It was obvious in the division what was going to happen with the change in exchange rates. In the end you had to put some figures on it... The prices will be determined externally, what we need to do is reduce costs. ....We set and articulated some pretty challenging targets, we'll get the division down to such and such a number – this was the key to survival.' (1985: 368-369)

Similarly a manager looking up to the top and describing what he saw talks wholly in accounting terms, and 'sees the light' of what is 'really going on' through what the numbers reveal.

'I didn't used to believe cost reductions were necessary – now I could see the need... Employee costs to added value, the graph for 1964-79 shows employee share...gradually going down, after 1979 the employee share was rising like mad....I remember Frank Bay saying to the Division Committee... "The numbers are too high, they'll have to come down by 10% perhaps."

(1985: 369)

Finally, Pettigrew records the praise for the Model, and relays a perfect summary of how managing by the numbers exercises a 'disciplinary' power:

'A senior member of the board felt that there are "sharper management standards all around", and "we're much more disciplined in our use of each other's time". (...) The sharper management standards are leading to "more objective performance measurement than ever before, and if people aren't measuring up they are told much earlier...and at a stage when they can do something about it". (1985: 374)

So at the heart of a classic processual text, where it is engaging with the hidden core of strategic success, accounting proves to be everywhere: within the model and its strategic targets, within the proof of success, and so within the subjects who are the objects of the initial plan and known objectively in their truth on the basis of the records of performance.

One may then read many passages in a new light, waiting for the appearance of accounting at the heart of 'doing strategy'. Pettigrew and Whipp, in their book on *Managing Change for Competitive Success*, describe the implementation of strategic change through the creation of a tight managerial link between strategic and operational change. Accounting marks the beginning, end and middle of the system they recommend:

'[n]ot only must [strategic] intentions be broken down to actionable pieces, those components must become the responsibility of change managers, operating within appropriate structures at various levels within the organization. Clear and exacting target setting has in turn to be supported by re-thought communication mechanisms and adjusted reward systems' (1991: 199).

Accounting practice here becomes endemic and continual, since Pettigrew and Whipp stress that the process of implementation must be ongoing, with a constant feedback loop being required to ensure information within the reward and communications mechanisms is both timely and relevant.

'Put together with the constant monitoring and feedback of the process such mechanisms generated valuable information. This data then enabled management to modify the original intention over time.'

(1991: 178)

Here, at the heart of strategy, we may therefore see the whole set of classic disciplinary practices: writing, examining and grading. This accounting is quintessentially a human accounting. What is being articulated here is suddenly not a million miles away from the kind of things said within the supposedly non-strategic mundane world of Management Accounting texts. Drury, for example, defines responsibility accounting as *'the recognition of individual areas of responsibility as specified in a firm's organization structure. These areas of responsibility are known as responsibility centres. A responsibility centre may be defined as a segment of an organization where an individual manager is held responsible for the segment's performance'* (1996:504). Arguably the only significant difference (or non-difference) is that the former has the label of being 'strategic'.

In a paper published subsequent to the book, Pettigrew and Whipp offer insights (drawn from their case studies) into the role of intangible assets, within the management of competition and change. As the publisher Longman's is held up as an example of effective implementation, the emphasis on constant and continuous monitoring continues.

'Longman was able not only to deploy a spread of devices which facilitated operational change but to refine them almost continuously. (...) The result has been an increasing elaboration of the communications apparatus to include briefing groups, sectoral conferences and company-wide financial commentaries given to all staff.' (1993: 24)

A comparison is then made with the weaknesses suffered by APB. This produces further evidence of the practices recommended by Pettigrew and Whipp.

'While Longman was mounting a series of adjustments to its structure to release managerial responsibility, improve market alignment and try out innovative publishing units...ABP was still struggling to clarify its internal form. (...) The skills of monitoring, feedback and adjustment had little chance to grow...

(1993: 24-25)

Then, the narrative moves to divulge the opinions of a newcomer to ABP, David Croom, with specific responsibility for the academic division from 1980. Pettigrew and Whipp specifically paraphrase and quote from this clearly important person, stating that he *'makes the point well'*.

'He is clear how the new growth objectives for the mid-1980's were given to the imprints. Yet in his words no dialogue, no testing or interrogation followed to develop the objectives at the operational level. **The growth targets were not 'drawn out in human terms'**. The budget forecasts of each division were not tested for their operational implications and means of implementation...'

(1993: 25, **emphasis added**)

The above quotes provide convincing initial evidence of the hidden, yet pervasive, influence of orthodox accounting within Pettigrew and Whipp's discourse of strategy. Flexibility in strategic direction is encouraged through the recognition that strategies



'emerge'. However, a constant modernistic form of *human* accountability is embedded within their text, however little it seems to call for comment. The overt focus may be on the articulation of a coherent vision of the firm (Pettigrew and Whipp 1991: 244), but that vision is engineered through accounting practices. These practices therefore constitute strategic objectives as visible within the activities of 'change managers', thereby enabling the targeting of control systems around the respective trajectories of both strategy and human actions.

Mintzberg's (1994) polemic against strategic planning, for example, would appear at first glance to be resistant to such critique. In a section entitled *'The Soft Underbelly of Hard Data'* (1994: 257-266), however, the Achilles' heel is revealed lurking within the critique of rationalism. To show the limitations to information's utility, Mintzberg is forced to draw on a comparison with a 'hard' ideal; **'(m)uch hard information arrives too late to be of use in strategy making'** (1994: 263). The implication therefore is that there is an objective and ordered reality, capturable in the numbers of hard information, even though timing thwarts its realisation. Thus, accounting remains a mirror. The reflection it affords may be cloudy, but in Mintzberg's writings, the informative principle is one of mirroring, thus failing to grasp the different critical possibility, to *look through the accounting mirror* and realise that accounting as practice *constructs* strategy. Mintzberg conceptualises information as passive, enabling his dictum that **'(b)ecause analysis is not synthesis, strategic planning is not strategy formation'** (1994: 321). After making this point, the tone in the book changes from 'critical to constructive' (1994: 323), and the issue of how planning should take place is tackled head-on.

Following on from his critique of formal strategy formation, Mintzberg pictures strategy formation as *'an impenetrable black box'* (1994: 331). Thus, the most planners can do is to **'program the strategies they already have, that is, to elaborate and**

***operationalize their consequences formally*** (1994: 333). This is broken down into a three-stage process; Step 1: codifying the strategy, Step 2: elaborating the strategy and Step 3: converting the elaborated strategy. This is most reminiscent of the rationalist model, and indeed, Mintzberg states that he has *'positioned the conventional model of "strategic planning" in the process of implementing, not formulating, strategy.'* (1994: 341). As such, the rationalist model was simply misapplied. Furthermore, Mintzberg adds the qualification that such programming only makes sense under particular circumstances, *i.e. 'when viable strategies are available, in other words when the world is expected to hold still or change predictably while intended strategies unfold, so that formulation can logically precede implementation'* (1994: 341). Taking this further, two roles of plans are circumscribed, as communication media and as control devices. It is the second that concerns us here. While Mintzberg is scathing of control through *'planning as a numbers game'*, he is more complimentary of *'focus[ing] on the bottom-line effectiveness of the organization's strategies'* (1994: 357). This is a clear reference to accounting practices defining the ultimate success of the organisation. He then takes up Goold and Quinn (1990)'s explication of the paradox that is strategic control. While they propound the dangers of control systems in conditions of uncertainty, Mintzberg attempts to develop a model of strategic control that can take account of the possibility of emergent strategy:

*'...we characterize strategic control as a two-step process. The first requires the tracking of realized strategies, as patterns in streams of actions, to consider the deliberate realization of intended strategies as well as the emergence of unintended ones. The second step then considers, in a more traditional control manner, how effective for the organization were the strategies that were actually realized.'*

(1994: 359)

This is underpinned by the maxim that '*strategic control must be concerned with the performance of the organization*' (1994: 360). The reading of Mintzberg (1994) therefore gives warnings over the applicability of formal strategic planning, yet conveys a sense that strategic control must be applied, once strategy is conceptualised as emergent. The system can then be appraised through the performance of the organisation.

While Mintzberg avoids where possible the investigation of the 'black box' of strategy synthesis, he falls back into practices of accounting to both introduce control and measure performance. Strategy is naturalised, forming an entity which cannot be reached through rationalistic planning methods. This sense of '*going after*' and '*catching up*' (Munro 1997: 510) is not directly theorised by Mintzberg, yet still manifests itself through a hidden and omnipresent 'will to account', continuing to stimulate a discursive focus on strategy as *ordered planning within a coherent imagination of the firm* (leading to the selection of preferred tactics deemed appropriate to context). It is not strategic planning that is an 'oxymoron' (Mintzberg 1994: 321), but strategy formation!! Formal planning is not already/always separated from strategy formation. Neither pre-exists<sup>13</sup>, as both are constructed discursively and reproduced through these disciplinary practices.

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<sup>13</sup> Indeed, to separate planning from formation reinforces strategy as a colonising discourse (Alvesson and Willmott 1995: 98), and fails to question the bases from which such apparent hegemony is and can be questioned.

## Summary

A closer analysis from the direction of accounting indicates how it is that processualism has not necessarily enabled a new and better way of strategising (even allowing that in its own terms it claims only to describe not prescribe). For certain contradictions can be seen to materialise, which undermine the internal coherence of this approach as an *alternative* to the rational school (Lim, 1998). In a general way, it is possible to identify an Anglo-Saxon manifestation of managerialism (c.f. Hoskin and Macve 1988) as common to, for example, Porter's definition of strategy as the '[creation] of fit among a company's activities' (1996: 75), the 'Contingent Strategic Success Formula' of Ansoff and Sullivan (1993), and the process-sensitive models/explanations of strategic choice, such as that of Pettigrew and Whipp (1991), Quinn (1988/1982). That there should be a widely shared 'managerialist' view is perhaps one sign of the power wielded by accounting, as the primary technology of 'managing by the numbers' in profit-focused organisations. It is also the underlying reason we suggest for explaining why, in practice, a deceptively passive, technical image of accounting as mirror of economic reality has infiltrated modern strategy research, not only within the so-called 'rationalist' school, *but also within the discourse of its most visible contestant*. Paradoxically, the very passivity of the (implicit) accounting mirror metaphor *releases* accounting to construct a managerialist bias in processual research, concurrently disregarding accounting's constructive role in practice. This double-blindness detracts significantly from the processualist ability to theorise the dynamics of organisation. And with this in mind, it becomes possible to challenge fundamentally the implicit claims made by processualists (see above), asserting that firstly, the complex terrains indicated cannot be mapped objectively into prescriptive rules, and secondly, organisational discourses do not produce subjects who, in 'doing strategy', are unitary and visionary.



The intriguing point is that under *both* the rational and processual versions of strategic discourse, there can be found a certain 'proper' use of accounting knowledge. Processualists consistently fail to consider explicitly the embeddedness of conventional accounting in their research, and hence overlook its active constructive role in their discourses on the strategy process.

# Note on Guru texts

## *Summary review*

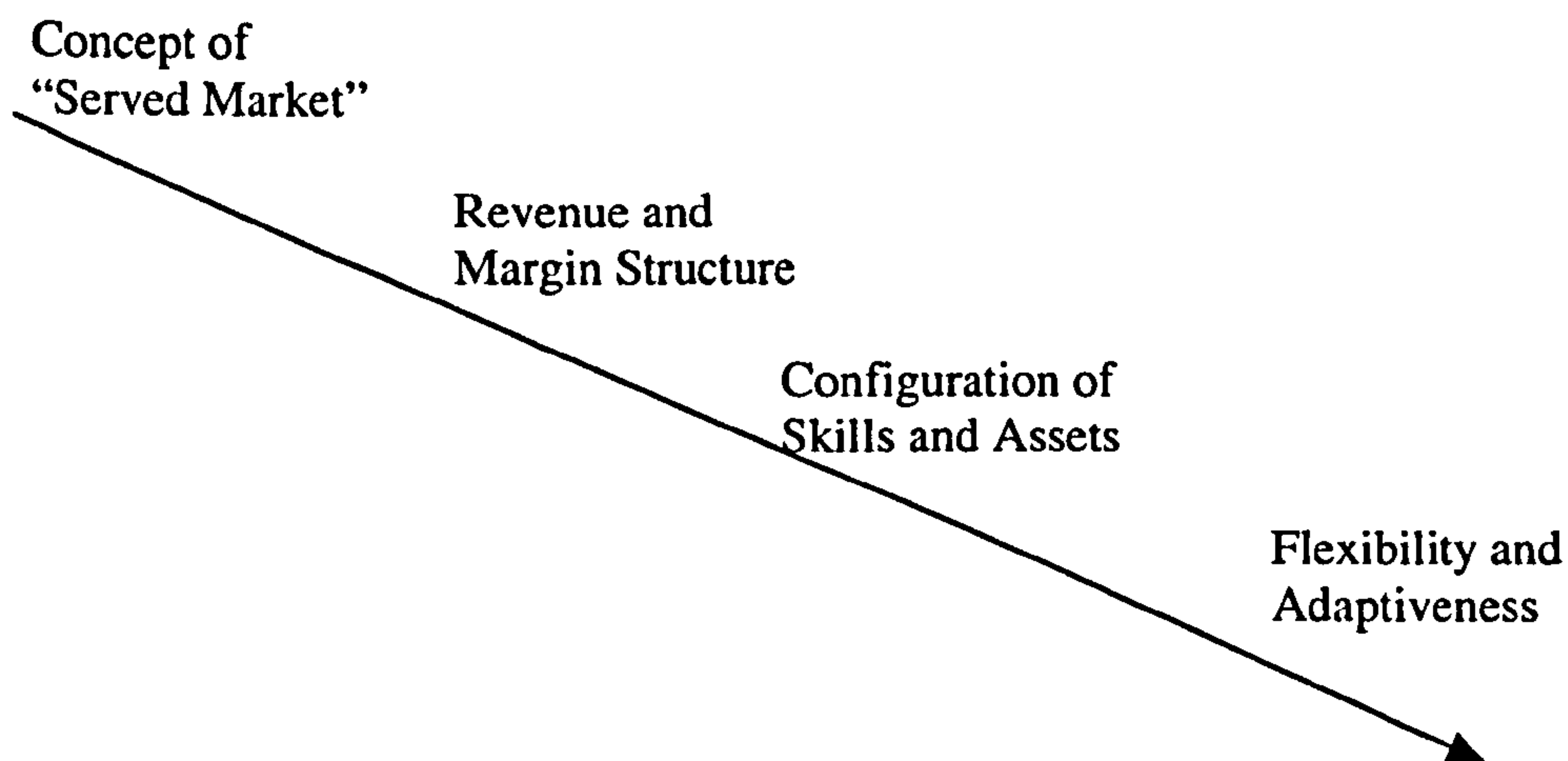
Works by leading business book authors are usually referred to in the literature as those produced by gurus. Recent strategy 'guru texts' include Hamel and Prahalad (1994), Peters (1989), Brown and Eisenhardt (1998). The interesting point, in relation to the argument here, is that they seem to have no time for accounting at all, since they are about getting beyond all manifestations of rationalist control, as found within conventional management and strategy texts. Guru writers instead celebrate the limitations of rationalist strategy and the inability of managers to manage in this idealised way. They attempt to capture a more fluid notion of management, one which accepts discontinuity and chaos.

Hence, Hamel and Prahalad articulate concepts such as 'strategy as stretch', which attempts to overcome the differences between strategy as grand plan and strategy as incremental. They recognise the limitations of top management's ability to predict the future and therefore attempt to build into their framework the ingenuity of lower level employees. Strategy is described through apparently paradoxical maxims such as 'strategy as forgetting' (as well as learning), 'strategy as foresight' (as well as positioning), 'strategy as architecture' (as well as plans) (1994: 26). Within this, the creation of meaning for employees is underscored, and they warn that *'[i]t is impossible to create a financial reward system so finely tuned that the single-minded pursuit of personal gain will not, in the longer run, dilute firm success'* (1994: 148). They constitute their term strategic intent as being required to oversee any accountability system., and thereby bring success. A successful firm is defined as follows:

'For a successful firm, the definition of served market, the value proposition put forward to customers, the margin and value-added structure, the particular configuration of assets and skills that yields those margins, and supporting administrative systems together constitute an integral and well-tuned profit "engine".'

(1994: 67)

This profit engine is illustrated through a four stage decomposition:



*PROFIT ENGINES IN HAMEL AND PRAHALAD (1994)*

Yet even this anti-rationalist celebration therefore proves to have practices of accounting circulating at the heart of organisational action. The concept of strategy as rational may be subjected to considerable critical appraisal, but the text seems unable to escape from a concept of the firm as constituted through accounting.

The need to compete effectively is constituted as a necessity within this discourse, and a recent cover article in Fortune magazine (Hamel, 1997) entitled *Killer Strategies That Make Shareholders Rich* affirms the state of the game:

'Taking risks, breaking the rules, and being a maverick have always been important, but today they are more crucial than ever. We live in a discontinuous world - one where digitalization, deregulation, and globalization are profoundly reshaping the industrial landscape.. Inevitably, the economic sea change now under way will drive an extraordinary amount of wealth creation over the next few decades.. But just who will capture the new wealth? On the road to the future, who will be the windshield, and who will be the bug?'

(p24)

'The goal is to..develop strategies that take us in the right direction.. ..the best way to create wealth for employees and shareholders is to renew our commitment to developing and executing innovative strategies.'<sup>14</sup>

(p34)

Those 'innovative strategies' might be anything (part of their success is precisely that they are unexpected). But they are still to serve the managerial focus on value, whether it be denoted profit or wealth, and hence accounting practice remains within the loop of 'being innovative', even as it is yet again overlooked.

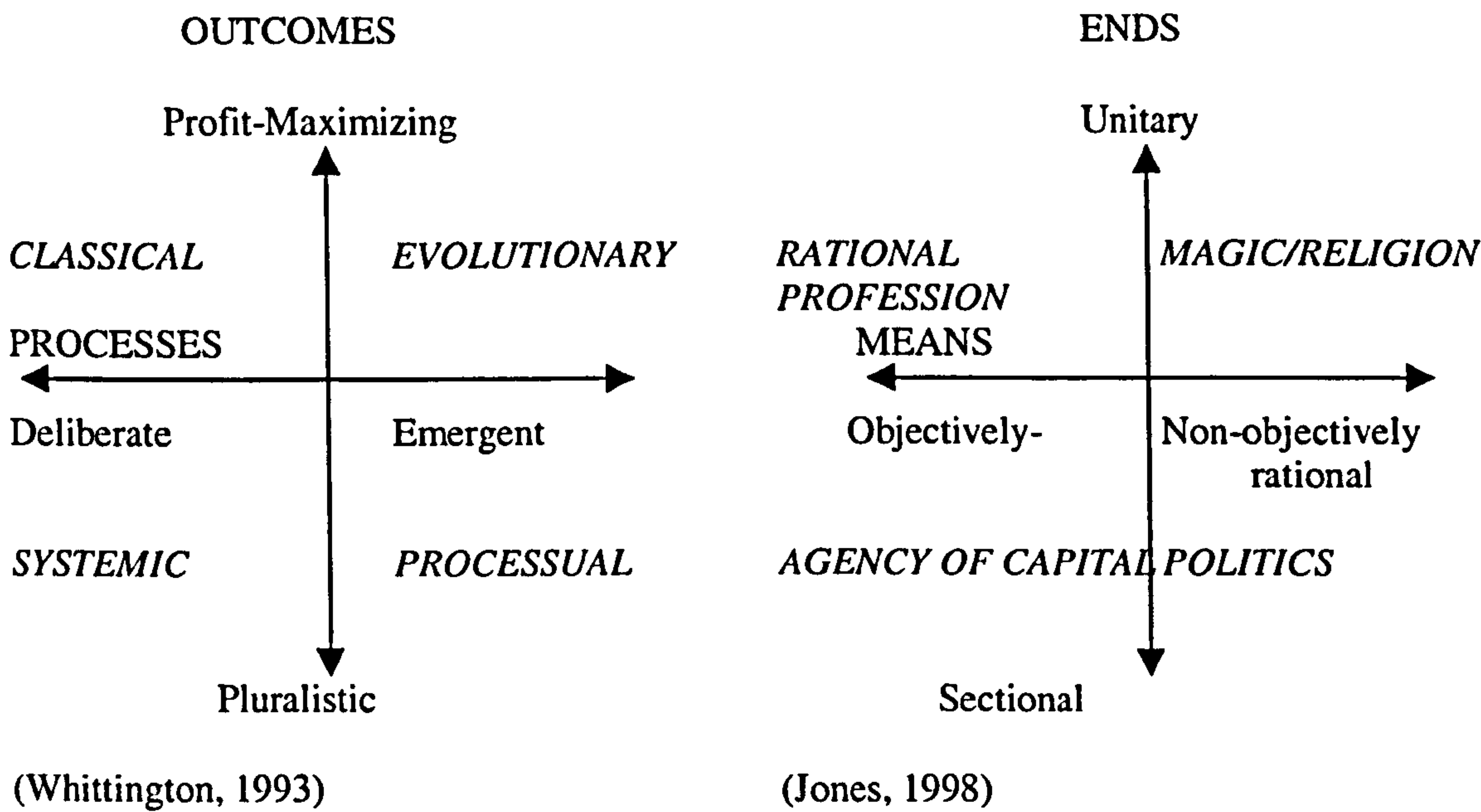
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<sup>14</sup> Interestingly, a *dual* responsibility is specified, ie to shareholders *and* employees. The reality is, however, that shareholders often come first.



# Critical Approaches

The critical project now spans a number of new directions away from the discourse of the processualists. Jones (1998) builds on Whittington (1993) to produce a second mapping of the strategy spectrum, and the resulting quadrants are shown below.



CRITICAL MAPPINGS OF THE STRATEGY SPECTRUM IN WHITTINGTON (1993) AND JONES (1998)

There has been an increasing and unifying drive, however, to problematise the notion that is ‘strategy’. Whipp traces the development of the strategy field, and notes that strategy experts and organisation writers have remained separate (1996: 268). He then analyses silences that have resounded throughout the strategy literature, focusing especially on the lack of reflexivity as ‘perhaps the most serious and potentially debilitating for the strategy territory’ (1996: 270). It is inspiring therefore that Calori (1998) pulls out three main biases that sit concealed within rationalist models of strategic management, namely a bias towards thinking, a bias towards binary logic, and the marginalisation of feeling as a basis for reason. His epistemological analysis questions the presumptions within managerialist approaches to cognition, thereby

exposing both their weaknesses and their subservience to 'performativity', the need to demonstrate that a desired outcome can be performed. In an earlier paper, but in a similar vein, Tsoukas reveals the different epistemological world views that underpin Ansoff and Mintzberg, concluding that this '*epistemological incommensurability...need not be translated into sociological incommensurability*' (1994: 777). He argues that there are rules which arbitrate between different types of knowledge constructions, rules that can only be understood within the study of practice.

It is, however, the discursive approach of Knights and Morgan (e.g. 1991) that will be analysed here in depth, as they have perhaps achieved the greatest recognition for a reflexive and philosophical approach to strategy (c.f. Calori, 1998; Whipp, 1996: 270; Jones, 1998: 417-419).

'While both the rational and processual approaches tend to take for granted the historical self-formation of strategic discourses and practices, we treat it as problematic.' (196)

(Knights and Morgan 1995)

Knights and Morgan (1991, 1995) provided the first concerted effort to critique processual discourses on strategy. Their Foucauldian inspired analysis of practices and discourses was argued to change radically the concepts of subjectivity and power so managerially propounded within processualists. Most apparent in their approach was the introduction of reflexivity into the study of strategy.

'...we believe that discourse analysis (266) effects a more radical break [than processual studies] with the orthodox rationalist view of strategy. ...they do not seem to question the rationalist view that [strategy] exists to resolve problems vis-à-vis the organization and its environment... By contrast, we conceptualise strategy as a discourse that also constitutes the problems which it then claims to have an exclusive expertise in solving.'

(1991: 266-267)

Hence a shift is marked out. While processualists effect a change by critiquing the way strategy is practised, Knights and Morgan point out that the problem of strategy has remained unchallenged as a managerial project. Perceiving strategy as a discourse is a first step to undermining the taken-for-grantedness of strategy.

'[critical study] may redirect attention away from the preoccupations of the rationalists who prescribe strategies or their improvement and the processual theorists who, in reporting the political machinations surrounding strategy, may merely encourage a more reflective and efficient approach to its implementation.'

(1991: 271)

The approach of Knights and Morgan provides a new entry point for re-examining the context of managing, constituting an external environment that is less economically disciplined than, say, that of Pettigrew. Strategy emerges as a discourse which constitutes its problems and solutions, both within and outside of the organisation. The mobilisation of strategy and its practices is crucial to the study of subjectivity, and there lies the differentiating thrust of the critical discourse.

Watson (1994) also takes up the notion of discourse, and his empirical study identifies two main discourses. There is an empowerment, growth and skills discourse, which attempts to capture the desire to grow the business through service to customers, and within which, people apply competencies and skills for further growth. Acting generally against this is a control, jobs and costs discourse, whereby employees see themselves as primarily there to do the job for which they are recruited and trained and senior management's role is control using costs. It is not at all surprising that accounting practices form a dominant discourse within Watson's ethnography.

'A discourse, in this sense, is a connected set of statements, concepts, terms and expressions which constitutes a way of talking or writing about a particular issue, thus framing the way people understand and act with respect to that issue.'

(Watson, 1994: 113)

Discourses convey power and knowledge, and control as well as being controlled by individuals. The play of the intersection of different discourses begins to demonstrate just how the managerialist programming of processual theories is only one potential approach that can be taken in the study of strategy. Metaphors such as Mintzberg's (1987) strategy-as-craft and strategist-as-potter emphasise manageable aspects of strategy, pushing aside the cultural, social and historical contexts (Barry and Elmes 1997: 430). Barry and Elmes propose a narrative turn, which emphasises the multiplicities of strategy practice, acting to destabilise the current '*stylistic signatures*' (1997: 439) present in strategy theory. While Watson tends to stray into a use of discourse similar to that of rhetoric, both these papers contribute to the critical breaking down of the presumption that the language of strategy derives from an *essence* (thus privileging what has been described above as 'strategy as presence').

This new kind of approach therefore maintains that the discourse of strategy has defined its own reality; in terms of the 'strategic' environment and the 'strategic' decisions to be taken. This occurs through the truth effects of discourse, effects which resound with knowledge and power (Knights and Morgan 1995). Subjects draw upon such discourse, defining the success or failure of operations in these terms (Knights and Morgan 1991). This pervades throughout the organisation, cascading down the levels of responsibility. Instead of taking the mainstream as today's 'norm', and passively accepting its dominance, it is highly instructive to examine just how it asserts its truth effects. Knights (1992) characterises its course to power as akin to that of the positive sciences. Human behaviour is objectified through *representation, dividing*



*practices and subjectification. The use of the value chain constructs, classifies and orders its representation of business activity; organisations which successfully follow the defined strategies ie cost leadership or differentiation are promoted as successful, with others relegated as failures; finally and most importantly, the exercise of strategic discourse subjectifies its users*<sup>15</sup>.

## ***Understanding subjectivity***

'This leads us to what we consider to be the most important difference between our approach and processual theorists. It concerns the way in which we see power to be productive of subjectivity.' (269)

(Knights and Morgan, 1991: 269)

Knights and Morgan argue that the subject is constituted through discourse, drawing on previous Foucault-inspired work in organisation studies . The development of the concept of the subject has been one which explicitly or implicitly stems from the notion of an essentialist concept of the self (Knights and Wilmott 1989). The effect of this *being*<sup>16</sup> has been to suppress the complex construction of individual subjectivity<sup>17</sup>. This ignores the inherent conflicts and ambiguities which characterise organisational

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<sup>15</sup> Human behaviour is 'objectified' through 'subjectification'. See further on this relation, the 'Accountability' section of this chapter and the discussion of 'the subject' and the 'care of the self' in the Methodology chapter.

<sup>16</sup> As opposed to becoming.

<sup>17</sup> Marx (in his later work) swamps any consideration of the subject with his pre-occupation with class relations and related interests. Braverman (1974) seems happy to persist with this labelling, attaching the desire for control to management, at the same time displaying a (Knights and Wilmott 1989) '*romantic attachment to the essential creativity of the worker*'.

subjectivity. In an attempt to move away from this normative moralising of the Enlightenment, management theorists have turned to discourse - as Foucault (1984, p43) reminds us:

'We must never forget that the Enlightenment is an event, or a set of events and complex historical processes, that is located at a certain point in the development of European societies. As such, it includes elements of social transformation, types of political institution, forms of knowledge, projects of rationalization of knowledge and practices, technological mutations...'

The proper consideration of subjectivity must therefore recognise the precarious nature of Enlightenment discourse, never forgetting that discourse is produced by power and knowledge. The assertion of an autonomous self is both misguided and misleading (Knights 1997a), resulting from a disciplinary split between self and society<sup>18</sup>.

With respect to strategy, subjectification refers to the identity producing effects of strategic discourse (Knights 1992). The conditions required for success are internalised and reproduced, defining organisational roles and activities. The discourse is drawn upon in organisations *within* power relations, as subjects constitute themselves as knowledgeable experts (Knights and Morgan 1991). The strength of such discourse lies in its self-fulfilling effects - 'strategic' problems are defined within the same field as the related 'strategic' solutions (Knights and Morgan 1991). Externalities are swept aside as their existence only reveals the 'underdeveloped' nature of the discourse. This has positive effects for organisational participants. It gives activities a sense of purpose, clarifying the 'how' and 'why'.

As Knights and Morgan (1990, p482) argue:

‘..strategy operates as a power that normalises and individualises those who are subjected to it: not only does it force them to act strategically and take responsibility for their own strategies, it actually transforms individuals into subjects who secure their sense of meaning and reality through the discourse and practice of strategy’.

The imperative in the study of subjectivity is thus, in fact, power relations. This power is exercised through discursive practices, such as strategy, which constitute the subject. The pervasiveness of the strategy discourse can enable it to define what is regarded as rational within the organisation, although no single discourse can capture all meaning (Holmer-Nadesan 1996). This lack of closure opens the opportunity for a range of competing or conflicting discourses, complicating organisational identities (Wilmott 1994, Kondo 1990). Power is conceptualised as residing ‘everywhere’, but it is not a monolithic entity, owing to its lack of uniformity or unity (Knights and Vurdubakis 1994). This opens up a space for action, and avenues for resistance<sup>19</sup>. It is tempting for organisational researchers to stress or reify one dominant discursive practice such as accounting or strategy. While this eases the complexity of the analysis, an undesirable effect will be to marginalise more ‘informal knowledges’ which will impact considerably on *individual* subjectivity (Knights and Morgan 1994). Practically speaking, however, no analysis will be able to cover adequately all discursive formations.

It is salient to conceptualise strategy as a disciplinary power (Alvesson 1996), one which pervades organisations, defining the normal and the abnormal. The invisibility and

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<sup>18</sup> Dualisms are covered in ‘The Action-Structure Debate’ within this chapter, and also in the methodology chapter.

<sup>19</sup> See section on ‘Agency and organisational identity’ later.

stealth of such powers within the organisation has led Deetz (1992) to argue that they are, in fact, a more potent and revealing example than that which was manifested within Foucault's study of penal systems (Deetz 1992). While *Discipline and Punish* (1977) represents a vivid example of formalised control over the human body, modern organisational practices extend *throughout* contemporary life, producing and reproducing the normalisation of the work experience. In contrast to the visible (and objectionable) effects of penal regimes, modern practices constitute the individual as autonomous and free (Habermas 1972), arousing the incessant search for these very same senses (Wilmott 1994) *within* the invisible regimes of discursive practices. This allows identity to be derived from these internalised and subliminal *self-disciplinary* and *self-examining* forces.

It is important to note that the construction of subjectivity is *not* a purely organisational phenomenon. Identity is constituted through discourse for men and women, professors and students, doctors and patients *etc*; of (more) direct consequence to this thesis is the consideration of the subjectivities of *consumers* as well as producers (Knights and Morgan 1994). Commodification, or the standardisation of consumption patterns, is a prevalent feature of late-modernity (Giddens 1991). Selling techniques may be direct, face-to-face with the customer, or more subtle, through advertising methods. All base their acceptance on discourses of need, whether local or society wide, and on the way these discourses constitute the subjectivity of the consumer. This process is not separate to the forces at work within the organisation; both are inextricably linked, and should be interpreted as such. In the context of service industries, (Knights and Morgan 1994, p138) '*(t)he employees work directly under the gaze and inspection of their customers, whilst the experience of the customers is directly dependent on the activity of those serving them.*'



While this theorising of subjectivity has enriched critical strategy discourse, however, this has not been transplanted unproblematically to the empirical context. Newton (1998) provides an astute critique of the theory-practice divide which appears to characterise these particular Foucauldian studies. Indeed, he likens the way Knights and Murray (1994) present data from Pensco to writings by processualists such as Pettigrew.

'...Knights and Murray exhibit what might be called a 'de-functionalized processualism' attentive to the way in which 'micro-organizational power relations are constituted and sustained within both specific identities/subjectivities and broader [socially constructed] politico-economic markets and inequalities' (1994: 199).

However, their *analytical* language remains strikingly processual in character, and they conclude by arguing that 'political process lies at the heart of organisations' (1994: 245)' (1998: 430)

Newton claims that there are striking differences between Foucauldian analysis and the 'processual' approach that Knights and Murray employ. These differences manifest themselves most markedly in the way agency is treated. Newton pulls out an example from Pensco where '*senior management was able to mobilise its superior forces to encourage closure around a "successful" construction of the project*' (1998: 430, quoted from Knights and Murray: 1994: 177). There is a sense of agents manoeuvring, mobilising, challenging, taking responsibility, in a way which appears to confer a non-Foucauldian emphasis on agency to their accounts of organisational life.

Turning to Knights and Morgan's work, a similar characteristic is arguably also present in the discussion of a '*new regime of control*' (1995: 209), as they underscore the personal contributions of both the Chief Executive and his newly recruited Information Systems chief.

'At Pensco strategic discourse enters the company and ruptures the existing paternalistic mode of management via the agency of one actor – the CE. (...)

Without question, the power effects of this new regime were felt particularly by middle and junior managers subject to the disciplining and punitive gaze of the IS chief.'

(Knights and Morgan, 1995: 208-209)

As Newton (1998: 4390) points out, the question of why this occurs is ignored by Knights and Murray. There is also no mention in Knights and Morgan (1995). However, a potential reason becomes apparent once the treatment of accounting within these critical discourses is unveiled.

## ***Unveiling the hierarchy of strategy over accounting***

In spite of the promising advances revealed above, the role of accounting has typically been overlooked or underplayed, both as a technique which is embedded within the 'doing of strategy', and as a knowledge which has accrued considerable institutional power within modern businesses. For what remains silent is how far these supposedly different discourses of strategy share a similar blind spot, and so may be versions of the same. Arguably, what we have here is an intensified version of the quandary found within strategy research *prior to e.g.* Knights and Morgan's (1991) piece. Then there was a supposedly fundamental theoretical difference between two schools, *e.g.* between those focused on content and those recognising the correlative significance of context, plus a vigorous debate over which was the more relevant for the practice of strategy. But that supposed difference has now come under threat, by showing a number of ways how 'strategy' as a term remained unexamined so that the the schools end up being versions of the same (see discussion above). Knights and Morgan further contribute to

this critique, by showing how neither school has successfully engaged with the possibility that strategy as practice was open to a more fundamental question, as constructor as well as answer to the problems of modern business enterprise.

To conclude this re-reading of strategy, I now propose to analyse the silences concerning accounting within the critical school, as exemplified by the ground-breaking work of Knights and Morgan (1991, 1995). As just demonstrated, this work clearly does shift the ground of understanding away from that shared by the rationalist/processual discourses, moving to a *'central concern [on] the emergence, development and reproduction of the discourse of strategy per se'* (Knights and Morgan 1995: 196). Their U.S.A.-based genealogical analysis problematises the formation and proliferation of strategic discourses and practices, seeing this as a condition and consequence of the effects on subjectivity. An attempt is therefore made to *'understand how the discourse of strategy becomes part of the identity of managers and workers'* (Knights and Morgan 1995: 196).

For work like that attempted here, their work is particularly helpful, in the way that it shows a way to deal systematically with the problem of 'the subject', getting beyond the idealised treatment that rationalist/processualist research has too often promoted. If, however, we are now to construct a new sustainable 'study of strategy', as per Knights and Morgan's (1995) case study in Pensco, I propose that we need to move beyond the primary focus noticeable in the passages just cited, on strategy as *discourse* (or 'discursive practice'). Not only may this have the unintended effect of still privileging strategy, now as *the* dominant discursive formation within organisations, it also leaves unthought the relation of discourse to practices. Or alternatively, it sees discourse as the centre, and practices as secondary. That will be argued in the Methodology chapter as a necessary theoretical step, but only once it is undertaken in a 'knowing' way, i.e.

seeing secondary practices as the primary focus, while recognising all the time that they therefore remain secondary.

It is, I argue here, only through taking this further theoretical step that a critical approach can finally overcome its lack of reflection to date with regard to the active role of accounting. This I see as the step now necessary in order to further the thrust of Knights and Morgan's critical project. In the light of advances in critical accounting, I feel that a continuing concentration on strategy, *per se*, threatens to obfuscate the power-knowledge effects of alternative practices. This in effect reduces managing to strategising, potentially reproducing, albeit in a more diluted form, the colonising effect of strategic discourse. A first step can perhaps be made by integrating genealogies of strategy with genealogies of accounting. The recent research of Hoskin *et al* (1997) can help in this process and reverse any residual hierarchising in the work of Knights and Morgan of strategy *over* accounting.

The issue of the relation to this work is clearly one that Knights and Morgan have already considered. Their resolution has been to argue the antithetical case to that proposed here. From their standpoint, Hoskin's (1990)<sup>20</sup> argument that the genesis of modern strategy can be understood as a product of the new modern configuration of disciplinary practices, with accounting having a major (i.e. secondary) role, is directly challenged as '*a partial and reductionist analysis that subsumes strategy beneath, and conflates it with, the discourse and practice of accounting control*' (Knights and Morgan 1995: 193). Such criticism serves as a valuable caveat to Hoskin *et al*'s (1997) implication of accounting in the practice of modern strategy. For it reminds us that any simple reversal putting accounting over strategy as its cause, will just perpetuate a 'chicken and egg' quagmire, while relapsing into a positivistic account which will indeed

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<sup>20</sup> Hoskin (1990) is the predecessor to Hoskin *et al* (1997).



be partial and reductionist. At the same time, what can perhaps be read off from their work is a challenge to the equally reductionist alternative, that strategy simply came before accounting, an alternative (or so I have just argued) which still seems implicitly embedded in the Knights and Morgan analysis. The issue is whether this kind of reductionism can be avoided in general. This, I suggest, requires a rather different *genealogy* of strategy than the one that Knights and Morgan currently espouse.

In their approach, two chronological stages can be distinguished, '*the emergence of managerial discourse in general... and the changing nature of corporations...in the post-1945 period*' (1991: 256). Managerial discourse, which is identified as being primarily intra-organisational with its '*notions of internal control and monitoring*' (1991: 257), is argued to have not engaged sufficiently with the external environment to open up a space for the discourse of strategy. Post-1945, changes in market and institutional conditions led to the emergence of a new regime of truth, a *new way of seeing* constituted by the power-knowledge discourse of strategy (1991: 258). Such an analysis ostensibly separates the '*internal*' focus of managerialism from the '*external*' focus of strategy, a separation which subordinates accounting discourse to that of its more pervasive successor, strategy. However, in their eagerness to denaturalise the discourse of strategy, accounting practice yet again slips from view as strategy still remains the primary focus: '*(c)an there be any other way of looking at organizations than one which derives from the discourse of corporate strategy?*' (Knights and Morgan 1991: 260). The emergence of the new kind of management rationality which purports to evaluate and forecast the future is located within the post-1945 period, when a *discursive* concern with rendering the external environment controllable takes shape. However, the argument I would now advance is that this genealogy, as a genealogy of discourse, places too much emphasis on the discursive distinction between the internal and external environment, and so never engages with how this discourse and earlier forms of strategic discourse may be produced out of such secondary practices as '*the*

invisible technologies (of) writing, examination and grading' (Hoskin et al 1997: 6). The counter-argument is that subjects engaging with (and being subject to and objects of) these practices initially propagated the twin possibilities of gaining (internal) control and doing (external) strategy, since these are the practices always involved in both.

Now arguing that Knights and Morgan focus on discourse may admittedly be a criticism which they would acknowledge wholeheartedly, as no indication is given within their work (on strategy) that this is not desirable or appropriate as a Foucault-derived analysis. However, in the light of bringing a critical accounting approach to bear, we may suggest that this is a systemic (strategic?) error, insofar as it sees how far accounting is at work as secondary practice, forming strategy's discursive claims as much as it articulates modes of internal control and accountability. So, perhaps Knights and Morgan's (1995: 193) critique of Hoskin (1990) (see above) can be turned back to illustrate a silence in their own research which can now be transcended without relapsing into a sterile opposition. While I agree that strategy has effects as '*a technology of power in transforming managers and employees alike into subjects who secure their sense of purpose and reality by formulating, evaluating and conducting strategy*' (1995: 196), I would now want to argue that one of the ways this is achieved is through the internalisation and reproduction of practices of accounting. The imperatives of managerialism, as '*action at a distance*' (Hoskin et al 1997: 7), manifest themselves throughout the discourse of strategy, fed by our desire for, and dependence upon, practices of grammatocentrism and calculability.

As such, the focus on discourse as opposed to practice is a potentially serious limitation within Knights and Morgan's analysis of strategy. The section on subjectivity above has indicated one way in which they move away from their Foucauldian agenda at one critical moment in their empirical analysis (c.f. Newton 1998). Here, I wish to suggest that another such departure takes place in their treatment (or non-treatment) of the

constitutive role of accounting practices. For their own empirical work again reveals a systematic dependence on such practices in the shaping, enabling and limiting of 'what gets done as strategy' and of how subjects (both the more and less 'powerful') interrelate in the space and time of strategising. Consider the following description of how the new discourse of strategic management irrupted into Pensco.

'...in the space of a few years the CE introduced budgeting...and planning procedures into Pensco. Planning was based on a tight top-down approach and 'key corporate tasks' were derived from a six-monthly business plan based on a strategy document which set out the company's broad aims. This...linked the allocation of key tasks to individual senior managers and these as well as broader divisional targets were closely monitored by the CE at monthly executive meetings... This...create[d] a 'league table' of senior managers based on their achievements of key corporate objectives.' (Knights and Morgan, 1995: 208)

In a way reminiscent of the work of Pettigrew and Whipp (1991), the discussion of the 'doing of strategy' reveals (at this most 'strategic' of moments) the total supplanting of strategy by the accounting supplement. There is the drawing up of the 'strategy document' (for whence are the aims formulated?), the linking of strategic to operational objectives via the 'business plan', the calculation of targets to set responsible activity in motion and to evaluate performance comparatively via a 'league table'. From planning to implementation to the minute calculation of success/failure and reward/punishment, this is a strategic practice saturated by forms of accounting practice.

Now Knights and Morgan attribute the spread of this discourse to the wider competitive environment within the life insurance industry. This backs their 1991 thesis of subordinating the internal focus of accounting (managerialism) to the external focus of strategy. They critique pre-1945 managerial discourse, *i.e.* that in their terms concerned with practices of internal control and monitoring, as being '*only tangentially related to*



*the analysis of the external environment* (1991: 257). And yet within their 1995 paper, the external environment is almost analysed separately from the internal organisational context. Thus while one section deals with the competitive conditions which stimulated strategy discourse, the next section deals solely with the managerial practices of internal control and monitoring.

Within the IS division, however, the new manager aggressively introduced '*new planning and monitoring mechanisms*' (1995: 209) which were ultimately thwarted by burgeoning user demands. Thus '*short-term reactive demands took precedence over longer-term systems conversion and renewal goals*' (1995: 210).

'...we found that commitments to IT strategy were readily abandoned when market changes were interpreted largely through the corporate strategy as a whole as urgently demanding immediate and IT-intensive product developments. Regardless of the importance of the IT strategy to the corporation, it had to be abandoned in order to meet other strategic goals.'

(1995: 211)

Indeed, '*a proliferation of competing demands on scarce resources in the face of major external changes led to the kind of reactive, 'short-termism' that the imposition of strategic management promised to eradicate*' (Knights and Morgan, 1995: 210).

The explicit focus that they put on accounting practices in their own narrative is therefore limited to the consideration of the internal environment. It is therefore not possible to trace how such practices circulated in the wider contexts (though one may speculate that the meeting of the short-term demands was effected through accounting-style practices, thereby subverting the longer-term goals of the IT division). However, what we may take away from this analysis is the way in which accounting practice



proves to be already-there at the heart of the strategic moment, even as the Knights and Morgan narrative is apparently discussing the significance of strategic discourse.

## **Summary**

The critical approach has enabled a better understanding of rationalist and processual discourses, as apparently intrinsic pressures towards managerialism can now be more thoughtfully explored and explained. Following the above re-reading, this can be furthered by awakening the roles of accounting in strategy from their prior (atheoretical) slumber, differentiating the power-knowledge effects of accounting *from* strategy, and recognising the traces of their respective, although inter-linked, influences in practice. Following Knights and Morgan, I argue against the idea of a rationalist/processualist divide, stating that the processual school ultimately reneges on premises given and promises made, in a fashion which echoes that of the rationalists. But I would argue that this collapse of difference occurs precisely where accounting steals into the different analyses of strategy, as both approaches treat it as purely secondary, thus failing to appreciate its structuring power. And this is, additionally, precisely the point at which the difference claimed on behalf of the critical analysis collapses as well. For, to date, it joins with the other schools in perceiving accounting as a *mirror*, reflecting rather than constructing organisational reality.

# **In Summary: disentangling discourses of strategy**

'...a kind of unity that that is hard to disentangle, hard to analyze and, as must be emphasized especially, totally indefinable.'

(Nietzsche, 1967/1887: 80)

A significant and sophisticated 'discursive' field has emerged in strategy research, encompassing rationalist, processual and critical elements. Yet, and heeding Calori's (1998: 301) call for epistemological scrutiny, from within all three schools can be disinterred an accounting that is perceived to be a passive, supplementary technology (Lim and Hoskin, 1998). Thus, strategy's image of accounting as mirror can be subverted, indeed, *penetrated* by discerning that the apparently innocent and 'objective spirit' of reality is indeed a powerful construction, sustaining a knowledge only knowable through accounting..

## ***Rationalist stipulations***

Rational discourse has been shown to be underpinned by a primary reliance on accounting practice. Such a reliance on the objectivity of accounting is, however, badly misplaced, although acting as a reminder of the sturdiness and pervasiveness of its modern influence.

It is fascinating to see how central *this* accounting is to the rationalist school being wholly relied upon to feed in the life-bloods of visibility and prediction so essential to their analyses. Knowing the environment is perhaps the centre-piece of rationalist

strategy, but this environment is promoted as knowable through accounting. However, accounting itself developed as a way of knowing, a peculiarly managerialist affair identifiable through its key tenets of prescription and control. An assumed 'proper' use of accounting within rationalist strategy can therefore be disembedded and confronted.

## ***Processualist elisions***

The critique of processualist discourse continues the theme of identifying the *continuing* pre-eminence of managerialism, and of accounting as its instrumentally unproblematic handmaiden, within strategic discourse. The dissemination of this way of seeing things in processualist research is increasingly remarked upon (*e.g.* Lim and Hoskin, 1998; Knights and McCabe, 1998; Morgan and Sturdy, forthcoming) and in my view it decisively hinders the development of a more viable way of doing strategy from within the processualist perspective. What processualists fail to move away from is the bounded rationality which so characterised the work of March and Simon (1958) within decision-making. While Pettigrew (1985: 20), for example, promotes the '*demonstration of how the organisation structures the perspective and interests of the individual*', his critique of the individual-centric focus of the decision-making literature clearly refrains from de-centring the individual, and thereby has the effect of reifying domains of knowledge within the organisation (*c.f.* Lave and Wenger, 1991: 52). The limitations of such an approach is indeed recognised by March himself, as he found it impossible to continue to ignore the experimental and ambiguous context of decision-making in organisations. Thus,

'How do you construct an account when you do not know when that account is going to be used, or by whom, or for what purpose, or in what context?'

(March, 1988/1987: 400)

Instead of theorising the social and institutional conditions which have created this particular ideal of management, processualists prefer to *centre* their studies around a capitalistic monolith, acting to bolster the strength of their rhetoric. Consequently, strategy within processualist research is a *top management discourse which presumes the existence of a hierarchical structure of power and knowledge*. Accounting practices are naturalised as (opaque) reflectors of this strategy (Lim and Hoskin, 1998), ignoring therefore both their constructive power within what can be seen as 'strategic' as well as their sustenance of hierarchical knowledge within capitalist societies. The interesting point here is that while the processualists, by their very name, can be presumed to agree fundamentally with this *contextual* questioning, their discourse in fact forestalls the formulation and investigation of these questions, distracting attention away from the very practices which assemble or disassemble notions of hierarchy or structure.

'Perhaps the idea of the founding subject is a way of eliding the reality of discourse.'

(Foucault, 1981/1970: 65)

It is my suggestion that this has led to a stagnation of the discourse as re-affirmation of the truth of accounting representations is again effected.

## ***Critical silences***

Within the critical school, forcefully proposed by Knights and Morgan (1991, 1995), a vital switch is undertaken away from the rationalist/processual discourses, moving to a '*central concern [on] the emergence, development and reproduction of the discourse of strategy per se*' (Knights and Morgan 1995: 196). While the literature review consents with and indeed wishes to further the thrust of Knights and Morgan's critical project (also see Morgan and Sturdy, forthcoming), silences on the role of accounting cannot be



left unchallenged (Lim and Hoskin, 1998)<sup>21</sup>. As Clegg (1998: 39) asserts '*[e]ach disciplinary practice...will calculate organizational rationality from distinct auspices of power and knowledge.*'

What this critical re-reading can now add to this discursive analysis is that the link to accounting is increasingly inseparable from the study of strategy. As such, this adds weight to the thesis pursued here, *that accounting practices can be found at the very nucleus of strategic practice.*

## **Summary**

There is now the need for a renewed questioning, but one which also subsumes the critical approach developed so far. For the failure to engage with accounting's role in strategy has meant, we fear, that all three schools reduce, in a crucial respect, to versions of the same, even as the possibility of critical difference is articulated.

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<sup>21</sup> In the light of advances in critical accounting, I feel that a continuing concentration on strategy, *per se*, threatens to obfuscate the power-knowledge effects of alternative practices.

## ***Part 2: Positioning the accounting literature***

### ***Rationalist Accounting***

Examining the breadth of discourses of strategy has not as yet covered the consideration of management control *systems*. It is here that the accounting literature has asserted its power, constituting a calculative knowledge of control within discourses of strategy. There is a certain deferment to strategy as pre-existing, one which propagates a secondary support role for accounting practices. Roslender's review paper (1996) describes the emergence of accounting for strategic positioning. Activity Based Costing is perhaps the most well known of these, building on Porter's focus on activities (see above). Shank and Govindarajan contributed further developments with their strategic cost analysis technique (1989), focusing on value chains and their most recent Strategic Cost Management (1993). These rational accounting works attempt to place accounting at the heart of strategy, being the instrument through which rational strategising can be effectively measured, monitored and implemented. As such, they support a top-down and prescriptive notion of strategy, one which carefully avoids more processual as well as critical issues.

### ***Control practices of accounting***

Early work on strategy and control was pioneered by Chandler (1962) with his in-depth study of major US enterprises (such as du Pont) at the turn of the century. His overriding hypothesis was that there is an interaction and inter-reliance between the control system and strategy. Following the epistemological trend in the accounting literature, this hypothesis has been tested using the rules and methods of the natural

sciences, through contingency studies. Researchers attempt to fit companies into *typologies* according to their strategy, which can then be used to prescribe the associated *best control system*.

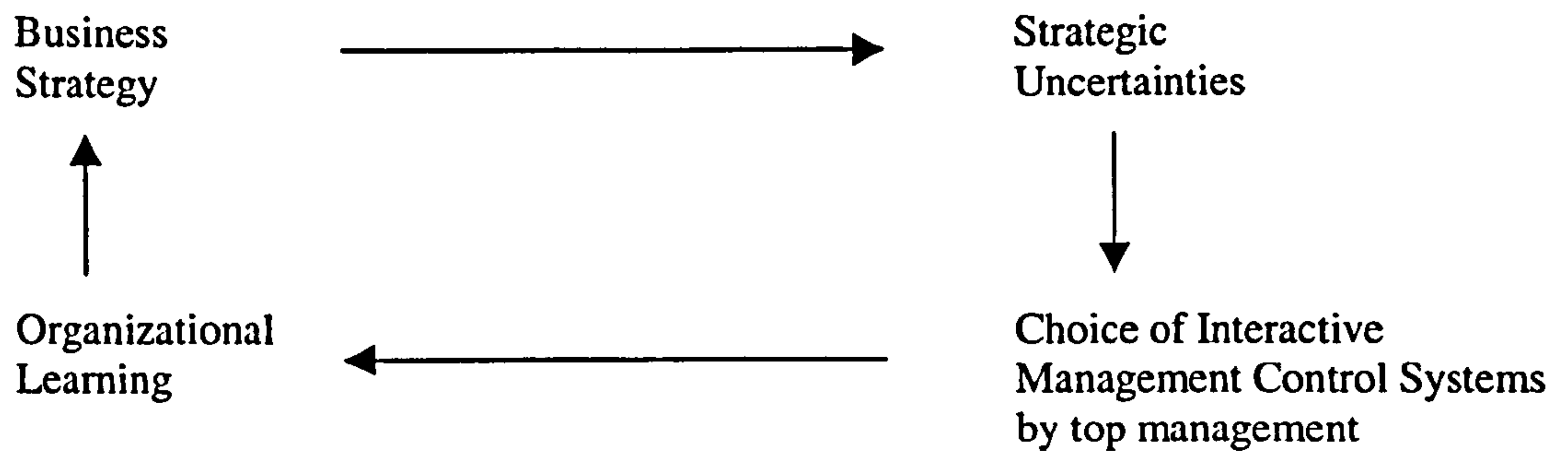
Organisations which are careful in their operations, preferring to improve current activities than to search for new opportunities, are labelled 'defenders' (Miles and Snow 1978); to support this, a tight and centralised set of controls is needed. Similarly, Porter (1980) argues that organisations which follow a cost leadership policy, selling standardised products, need controls which emphasise calculation rather than co-operation, with '*tight cost control; frequent, detailed control reports; structured organization and responsibilities; incentives based on meeting strict quantitative targets*' (1998/1980: 40). There are some apparent correlations between different empirical studies, lending a degree of credibility to contingency approaches. However, the managerial focus produces a reductionist and therefore simplistic account of accounting practices, as the need to link dependent and independent variables is prominent. This cause and effect presumption does not produce a deep examination of the processes involved (Langfield-Smith, 1997: 221). It is not surprising, therefore, that studies of this orientation are contradictory<sup>22</sup>. Simons (1987) finds that successful prospectors use tight planning and budgetary procedures, yet de-emphasise cost control, while defenders generally benefit from a looser control system. This directly conflicts with the suppositions of Miles and Snow (1978) and Porter (1980). Plausible reasons for Simons' findings could be the way control systems in prospectors can set a limit to risk-taking, as well as contributing to learning processes (Dent, 1990). In addition, the focus on financial targets in prospectors may be the more effective way to capture performance in situations of high uncertainty.

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<sup>22</sup> While this thesis does not, in any way, purport to *remove* contradictions, the approach aspired to can at least highlight some reasons for these problems.

Moving onto Simons (1990), he critiques contingency based, large sample studies for their inability to comment on why management control systems differ between contexts. The separation of strategy implementation from formation is an '*artificial dichotomy that equates strategic planning with formulation and management control with implementation*' (1990: 128). As such, he promotes the concept that accounting practices will influence strategy, producing a process model of this relationship.



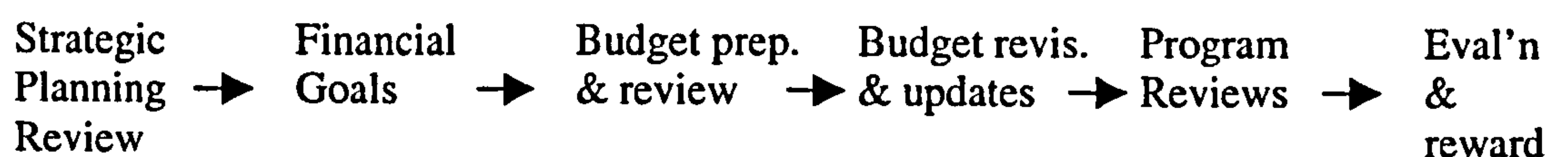


*PROCESS MODEL OF RELATIONSHIP BETWEEN CONTROL SYSTEMS AND STRATEGY IN SIMONS (1990)*

'This model illustrates...that emergent strategies can be influenced and managed – serendipity can be guided by top management who use formal process to focus organizational attention and thereby generate new ideas, tactics and strategies. Management control processes, which have been characterised solely as tools for implementing goals, can be instrumental in allowing the organization to learn and adapt over time.'

(Simons, 1990: 137-138)

He therefore aligns himself with processual discourse, and examining his six-part breakdown of management control systems finds the central role of accounting practices within that.



*BREAKDOWN OF MANAGEMENT CONTROL SYSTEMS FLOW IN SIMONS (1990)*

The issue for Simons is not simply whether control practices exist; it is *how* they are used in the context of strategy, and managers should decide to monitor only those control systems which relate to the organisation's strategic uncertainties. These should be operated *interactively* (Simons 1991). The imperative is that strategy is a process, and it is taken for granted that managers need to manage this process in the most

effective way. Simons (1994) further develops this to investigate usage patterns of formal control systems by newly-appointed top managers, in strategic turnaround and strategic evolution situations. He pinpoints a skilful manipulation of formal control systems, ranging from the intangibility of *belief* systems, centering around the establishment of core values, to the full-blown interactive system, arguing that this allows the desired strategy to be effectively implemented, as well as achieving strategic change. Again, accounting practices play a central role. Looking, for example, at the strategic turnaround situation, accounting targets were seen as critical for both mapping out and justifying strategy:

'All four managers attempting strategic turnaround used diagnostic control systems (i.e., formal measurement and feedback systems) to structure and communicate their agenda to superiors. Diagnostic control system goals (e.g., financial targets, market share targets, new business targets) were used to communicate the details of the proposed new strategic direction to the governance structure. One manager, for example, presented goals that would, over a 4-year period, take the business into new geographical markets, increase sales from \$375 million to over \$1 billion, and increase net profit percentages from 12 percent to a range of 15 percent to 16 percent. These goals served as an explicit road map and justification for the new strategy.'

(1994: 178)

Simons, through his extensive studies, has been able to resolve some of the difficulties which impair contingency approaches. He underscores the multiplicity of uses that control systems are put to, such as '*monitoring, learning, signalling, constraint, surveillance, motivation and others*' (1990: 142), attacking the conflation of these practices into 'the management control system'. Different companies will be at different stages in their strategy, and will therefore be operating their control systems in different ways. In addition to this, the existence of a control system does *not* imply it is being fully operated. Simons makes important progress in highlighting the importance of in-

depth work within organisations (as opposed to survey work) as well as showing how control practices can constitute strategy. He remains tied, however, to a very prescriptive and managerial notion of control.

The special issue of Management Accounting Research, entitled '*Strategic Management Accounting*' contains several papers which illustrate just how widespread Simons' perspective is within this Rationalist Accounting work. Within the concluding paper, by the editors Tomkins and Carr (1996), they describe a model they have produced out of the papers.

'Figure 1 addresses the question of how to design a formal strategic analysis of individual investments aimed at delivering new products and services. It can also be used to appraise investments in new processes in so far as they aim to improve attribute delivery. Figure 1 is not, however, a dynamic model for strategic management. It has elements required for such a model in terms of indicating a firm's ability to stay in a market, but it does not offer an on-going system of strategic control because the notion of continuing control beyond the investment and product/service launch was not explicitly considered.'

(Tomkins and Carr, 1996: 277)

This quote neatly demonstrates the view of accounting's contribution to strategy as one of control. They introduce only the first stage in this, one of analysing individual investments. Their intention, however, is clear. Strategic Management Accounting can constitute an on-going system of strategic control, thus providing the implementation system to complement the rational strategist. It is the continual design and improvement of these practices that Rational Accounting propagates.

Research in this area is persuaded of several 'truths'. Companies *need* an effective business strategy. Such a strategy *needs* to be implemented. Thus the research question is how to implement this strategy, while accounting for processual changes, in

the way which maximises performance. It is precisely the 'truth' of these statements which this thesis has sought to question and possibly, undermine. Beginning from these needs leaves them unsatisfactorily theorised, confining research to its present unreflective state. The question of implementation leads unavoidably to the control system - whether it be formal or informal. This makes the presumption that the problem and thus the solution lies within the grasp of management control. Mintzberg (1994, p210) captures well the questioning spirit of this section, devilishly comparing modernity's obsession with control with Saint-Exupéry's *The Little Prince* (1943), where 'the King claims he has the power to order the sun to rise and set. But only at a certain time of the day.' Is strategic control just an illusion?

Goold and Quinn (1990) tackle this very issue in their paper '*The Paradox of Strategic Controls*'. Promisingly, a divergence between theory and practice is identified, with the literature prescribing formal strategic control systems in direct contrast to the reluctance of practitioners to incorporate such extensive measures. This is acknowledged to stem from the complexity of strategic control, as '*strategic objectives (competitively set milestones for non-financial targets) are often hard to define with specificity, clarity and precision*' (1990: 50). In addition, budgets, which are '*short-term and narrowly financial*' will be necessarily partial (1990: 53). Goold and Campbell therefore recommend caution in the implementation of strategic control systems. In conclusion four problems to be addressed are delineated - (p 54):

- ' 1. devising strategic controls that can...
2. defining strategic controls that are...
3. ensuring that strategic control systems assist...
4. building a strategic control system that...'



The reasoning is self-referential; strategic control systems are not being introduced; so improve the system; why aren't they being introduced? Because they haven't been improved enough. Goold and Quinn say that these problems can be combined tentatively into a framework, where '*environmental turbulence*' and the '*ability to specify and measure precise strategic objectives*' will drive the value of strategic control systems in measuring performance.

## ***Deferring to strategy***

Despite the development in the management control literature, most notably in the move to *strategic control*, there remains a black box effect with respect to what 'strategy' is. The stance taken by many researchers to strategic control is to take strategy as a 'given' (see Simons 1987, 1990, 1991, 1994). This restricts the analysis to that of accounting *within* the context of 'strategy', *without* recognising the broader picture. Such an approach avoids questions of how such a context is produced and reproduced. Ignoring context brings into play an implicit assumption that the context of strategic or management control is a stable entity, impervious to outside influences. The 'space' of strategy is not however predefined, and boundaries are not rigid. One manifestation of this delimitation is within the prejudice towards the potential supremacy of management or hierarchical control. As Gray (1990: 146) points out, the implication in Simons (1990) is that the company can be controlled from the top-down, without querying what practices influence those that control. Practically speaking, although managers can instigate strategic learning, the questions of what managers will actually choose to do as well as how and why are left unanswered. Referring back to Simons (1994), (1990) for example, it is not clear how management learns to deal with strategic uncertainties or renewal. (c.f. Simons 1994, 1990). A further limitation, admitted in Simons (1994: 170), is that he deals only with formal controls. His research does not,

however, manage to impose some kind of clear dividing line between the formal and the informal. Belief systems refer to the ideology or culture of the organisation; although formally stimulated through mission statements and the like, in practice, these will be shaped by a myriad of social and political factors. Simons identifies one side of the coin, but ignores the other. The formal is *inseparable* from the informal (c.f. Dent, 1991; Ahrens 1996), thereby rendering overly partial any analysis which focuses only on the formal. Also, as Langfield-Smith (1997: 218) notes, Simons fails to take non-financial controls into account.

As Gray (1990: 146) puts it with reference to Simons (1990), such presumptions within Rationalist Accounting discourse of '*an image of top management as an omniscient and omnipotent navigator of the seas of uncertainty*' leave the question of strategy to the Rationalist and Processual strategists and their discourses. As such, the role of accounting practices firmly secondary, and clearly as reflectors rather than constitutors of strategy.

What then remains is the work of Kaplan and Norton (1996). This has been perhaps the most influential synthesis of Strategic Management Accounting to date, bringing together a Balanced Scorecard of financial and non-financial measures to enable real and integrative corporate control. For, as they state:

'...financial measures are inadequate...for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation.' (7)

The rhetoric of accounting as mirror is wielded proudly as the cornerstone of this method.

'MEASUREMENT MATTERS: "If you can't measure it, you can't manage it." An organization's measurement system strongly affects the behaviour of people both inside and outside the organization. If companies are to survive and prosper in information age competition, they must use measurement and management systems *derived from* their strategies and capabilities.' (Kaplan & Norton, 1996: 21, emphasis added)

Kaplan and Norton therefore clearly see the role of the scorecard within strategy as both positive and non-problematic. Accounting is the means by which strategy can be implemented. Measurement derives unproblematically from strategy and is simply secondary – never a supplement that supplants. Therefore the clear split within rational strategy between planning and control is tightly adhered to, and there is no space for the kind of questioning that either processual or critical analysis would make. Thus instead:

'Company managers have discovered that the scorecard enables them to bridge a major gap that formerly existed in their organizations: a fundamental disconnect between the *development and formulation* of strategy and its *implementation*.

The disconnect between strategy formulation and strategy implementation is caused by barriers erected by traditional management systems... (191)

...

1. Visions and strategies that are not actionable
2. Strategies that are not linked to departmental, team, and individual goals
3. Strategies that are not linked to long- and short-term resource allocation
4. Feedback that is tactical, not strategic (192)

In one sense, the rational world of order and control is re-established via the play of supplementarity. But for Kaplan and Norton that supplement is the addition to financial measures of the *non-financial*. The possibility that accounting practice might

be at the beginning as well as the end of this apparently virtuous circle never even arises.

## **Summary**

Arguably, present research within Strategic Management Accounting does little to advance knowledge of the meaning of strategy, preferring to vacillate between technical solutions to an inappropriate problem. This process of representation has served to distract attention from real-world issues, hampering the progress of research. What is uncovered here is a very specific role of accounting, that of accounting as control. As Dent (1990) concludes, in his review of possibilities for accounting research within strategy, organisation and control, '*[r]esearch at the interface between accounting and strategy is, as yet, underdeveloped*' (1990: 21).

## **Critical Accounting**

### ***Accounting as constitutive***

Critical accounting is distinguished by its recognition of the breadth as well as the specificity of accounting's effects, raising it from being seen as a technical instrument of strategy to being a deeper and more powerful practice of disciplinarity constituting the self and the world of modernity. Recent work has engaged in the re-thinking of accounting, and *thence of strategy*, from outside the traditional boundaries of both discourses, thus challenging the generally held assumption that strategy precedes accounting. Genealogical research has argued that the genesis of modern accounting



and management stems from the C19<sup>th</sup> amalgamation of disciplinary practices of control with expert disciplinary knowledge systems, including that of accounting (Hoskin and Macve 1988). From the US Military Academy at West Point were spawned the disciplinary systems of control, planning and accountability found at two particular sorts of location, the Springfield Armory in Massachusetts and the railroads, particularly the Western and Pennsylvania Railroads.

'A whole new human ecosystem which went wider and deeper than any specific socio-economic system was being put in place, beginning within the sphere of elite education. A new regime of disciplinary organization and human accountability was internalized by the people who underwent that education. (...) They were privy to a new wide-ranging set of power-knowledge relations: subjected to a grammatocentric organizational structure, they were trained as disciplinary specialists, their ability and conduct objectively evaluated through quantified measures. These three things – grammatocentric organization, specialist differentiation and quantified evaluation – they then exported to the world of business via the armories and the railroads.'

(Hoskin and Macve, 1988: 66)

Through pedagogic practices of writing, examining and grading, pressures towards grammatocentrism and calculability were and continue to be manifested throughout the Anglo-Saxon world, enabling the re-presentation of accounting as being able to 'write the world', thereby facilitating 'action at a distance' (Hoskin and Macve 1986, 1988). Accounting is conceptualised as a technology of power and knowledge, and has been shown to have significant social and economic effects (*e.g.* promoting managerialism, imposing regimes of performativity, constructing individuals as calculable and governable (*c.f.* Burchell *et al* 1980; Hoskin & Macve 1986; Miller & O'Leary 1987)). It is from within this historical-theoretical field of work that Hoskin, Macve and Stone (1997) developed the thesis that modern strategy, in both business *and* military spheres, may be an outcome or product of the deeper disciplinary transformation. For historically it is

possible to trace the way in which the same people were involved in internalising and then disseminating such practices as constant writing and calculation, and accounting for and examining performance across these arenas. Thus the disciplinary practices that *enabled the articulation* of first forms of modern strategy discourse prove to be the same in both military and business contexts, and the people disseminating them are the same as well.<sup>23</sup>

By the 1960's, conglomerates were proliferating across America, disembedding and transmuting the definition of the corporation. Accounting practices became one of the strategic arenas where battles over the definition of the firm were being waged, as the model of the firm that was emerging was '*rooted in the imagery of the stock market*' (Espeland and Hirsch, 1990: 78). These practices advanced capital interests and claims, contributing to the constitution of stock market apparatuses as discursively reflecting the dual image of the identity *and* value of a firm.

'The manipulation of seemingly technical concepts such as earnings, profits, growth and debt by managers and accountants, the significance these concepts achieved for investors as representations of a firm's worth, the way this interpretation motivated the investment behaviour of specific audiences (e.g. investors, bankers, managers) all serve to illustrate the symbolic potency of accounting technology.'

(Espeland and Hirsch, 1990: 80)

The importance of wider societal discourse is analysed by Ahrens (1996) through a comparison of British and German styles of accountability. Underscoring the mutability

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<sup>23</sup> The earlier work of Ezzamel, Hoskin and Macve (1990) demonstrated how the management by numbers that Johnson and Kaplan (1987) identify as a response to new business 'need' is actually just one version of a disciplinary practice that is now in place in much of modern organisational life. The legacy of managing by numbers is much broader than a simple technical problem, and cannot simply be discarded.

of the effects of numbers, he demonstrates how his case studies in the British brewing industry were *'characterized by what was called a return-risk-framework which...privileged the reality of accounting information in judging proposals for operational action'* (1996: 169). Financial performance was held up as the imperative to enable strategic ambitions, such as brands, to be fulfilled. Practices of accounting were thereby given a prominence not seen in Germany, where in contrast, *'the accounting profit seems less substantial. What matters are conceptions of physical integrity and operational economy'* (1996: 153).

The effects of these accounting concepts are tracked within the privatisation of the U.K. water industry by Ogden and Anderson (1999), being highlighted as pro-active in the construction of new representations of activity. As they note, *'Chairmen's statements in annual company reports have consistently celebrated their companies' success in terms of profitability, and creating value for their shareholders'* (1999: 94). Within the water industry, accounting practices were internalised and disseminated by top management, with contradictions emerging between a rhetoric of 'empowerment' and the practice of greater responsibility to meet specific targets. Processes of change were framed through accounting numbers. While Ogden and Anderson focus more on 'uses' of accounting by top management rather than the practices themselves, they nevertheless provide a valuable account of how accounting can play a prominent role in organisational change, and underscore the utility of such a primary focus.

A case for a focus on practices is strongly made by Roberts and Scapens (1985) and Roberts (1991). They aim to decentre accounting by critiquing its apparent manifestation, the accounting system, and situating accounting practice in organisational contexts. Roberts suggests that accounting is analysed through *'the use of accounting in systems of accountability'* (1991: 355). While the system is an abstract ideal, systems in use will form systems of accountability, opening up the exploration of



how such practices circulate and have powerful effects. Accountability is defined as *'..the giving and demanding of reasons for conduct'* (1985: 447) and as such, *'the closer one gets to the production and use of accounting information the more the apparent solidity or reality of the image crumbles'* (1985: 454). The strength of an analysis of accountability is in the way accounting images are destabilised, being necessarily imperfect representations of the events and practices they purport to capture. As Roberts (1991: 355) surmises, *'accounting appears not as a mirror of organizational reality but as a set of practices which helps create and shape organizational reality'*. The particular form of accountability within an organisation can be beneficially studied by acknowledging its discursive context. Competing strategic discourses may be mobilised in power struggles, each referencing its own system of accountability (Mouritsen 1997). As Hopwood (1983) urges, (in respect of accounting) social practices must be studied in their environment. Thus accounting can be *contextualised*. Thus (Wilmott 1996, p36) *'the coherent, analytic response to..understanding is to study our accounts of the world as the product of specific regimes.'*

Through the practice of the examination, accounting purports to write the world *inside* us (Hoskin and Macve, 1986: 107) as *'individuals become describable, analysable objects to be measured, judged and compared with others'* (Townley 1996: 573). This contrives to discover an innate reality, bringing a 'truer' knowledge of the self, and as such, can be seen as a process of 'self-awareness', whereby contrary to the progressive or relative self of the strategically positioned subject, the individual is constructed as an object, one which is calculable and ultimately governable. Miller and O'Leary's (1994) work on standard costing unveiled the thrust of financial accounting as one of calculability. What was enabled was a way to systemise individual actions within organisations.



'Standard costing has been located as a key component within an ensemble of practices that sought to make the actions of individuals visible and calculable in relation to norms and standards. The 'success' of standard costing and budgeting was its ability to give financial form to attempts to govern the actions of individuals.'

(111)

Managerialism prescribes the technology of target-setting as a means of acting at a distance on employees, enabling control to be effected without continual direct supervision - performance can be 'seen' through the practices of writing, examining and grading. Individuals are *examined* on the basis of how they compare to norms. This process objectifies individuals, asserting that they can be constructed and *represented* using these accounting technologies. The act of representation overcomes the 'physical, temporal and spatial' problems of controlling at a distance (Chia 1996: 130).

This visibility highlights the disciplinary potential of strategy, accounting's outer face of objectivity opening up the possibility of individualising effects (c.f. Roberts 1991). Individuals can become pre-occupied with the self they see reflected in 'the numbers', leading to a reproduction of power effects through self-examination. Self-esteem may thus derive from 'progress' as defined within strategy. Financial and non-financial goals must be met to improve market share and raise share price. Operating costs or cost of sales need to be managed in the context of the quest for higher revenue and profits, perhaps through expenditure on product promotions and research and development or through curtailing property rent and staff numbers. All strategic activity can be *accounted for* <sup>24</sup>, possibly through cost-benefit analysis, but always on a rational and formal basis.

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<sup>24</sup> This is not to say strategic decisions either *should be* or *are* accounted for! Firstly, the formalisation of essentially qualitative or intuitive factors may not be advisable (Mintzberg 1994), and secondly, politics may lead to more of an ex post than an ex ante calculation (Burchell et al 1980).

Townley (1996) identifies the further practice of the confessional, which *'gives the impression of a relative symmetry of power in face to face contact, thereby shadowing the hierarchy inherent in holding someone to account for their actions'* (1995: 574). The self-assessment form is identified as the technology which makes the subject see him or herself as the very object to be self-managed. Through the interpretation of one's inner feelings and motivations, one incorporates new practices of examination on oneself. This more subtle form of performance appraisal is thereby internalised and reproduced, being a notion of self-control.

*'Both the confession and the examination capture the individual within a form of visibility, a gaze, which attempts to render the individuals' actions and thoughts knowable. (...) Each appraisal system is a disciplinary process. The examination is not simply the neutral process of acquiring information, but provides the opportunity for establishing norms within which to measure and gauge. Neither is the confession simply a process of accessing knowledge of, or yielded up by, an accountable subject, it also acts to constitute the subject in terms of providing an aspect of identity.'*

(Townley, 1996: 577-8)

Rational Accounting research conflates the issue of accountability to *accounting*. This is, in the light of the above, a dangerous misjudgement of exactly what effects accounting has. Roberts (1991) argues that two interdependent forms of accountability can be distinguished, hierarchical and socializing. Accounting appears to perpetrate only the former, a disciplinary power that operates through making individuals visible and calculable in an apparently objective way. While values such as profit and rate of return on capital feature centrally, they also exclude the individual in a way which ironically shapes our subjectivity. Practices of accounting will always be accompanied,

however, by socialising forms of accountability. Roberts (1991: 362) picks out the alternative forums for this

'(j)ourneys to and from work, lunches and after work drinks, toilets, corridors, all the unsurveilled "back regions" of organizational life serv(ing) as locations for such sense-making talk.'

This type of interaction constitutes a different type of reality, one which contextualises the abstract nature of the accounting system. Accountability here is not only to one's superiors, but also to one's colleagues and sub-ordinates. Intangibles such as culture and group norms will pressurise the individual, promoting an alternative narrative for the development of the self. The lack of calculation would appear to infer a freer, more subjective trajectory. With the reduction of formal hierarchy, however, comes the rise of informal networking, infused with loyalties and grudges, rumour and deceit.

Townley (1995) analyses the principle of self-formation, distinguishing this from the excavating and examining practices of self-awareness (*e.g.* the performance appraisal). Here, the self is not taken as mechanistic and functional, and practices work to create the individual and his/her rights. The concept of inner self is cast aside and subordinated to the progressive dialogue of learning, remembering and constituting our selves. The self as subject is one that is not normally considered within practices of accounting, and yet as these complementary practices (of self-formation and self-awareness) circulate, both effects will be felt.

## ***Accounting for strategy***

Amidst the review of research on accountability, Munro's (1995) excellent work on control practices reveals the extent to which accountability can be practised despite an absence of both conventional accounting controls and strategy.

'As a highly successful company, Bestsafe offers an instructive example to those who take accounting to represent a necessary condition for control. Indeed, Bestsafe seems to exemplify the aporia that only the financially successful escape accounting controls... (...)

The control practices comprise: a formal distribution of responsibilities and resources, a formal reporting system identifying two major exception categories to work flow, and, most actively, a management ethos.

Ultimately, the "function-in-use" of all of these control practices is to support each other. For example, the management ethos provided a need for formal reporting to remain ceremonial and, once constructed, this need created pressure for control to be exerted through the management ethos. This mutuality ensures that formal controls are productive in a very special and important sense. Their effective work is *not* to align output to themselves, as is likely to be the case where accounting is used as a "mirror" (Roberts, 1991). Primarily it is to influence actors in ways which support the more *informal* systems, such as the putative tradition or management ethos. In individuating performance, managing by ambiguity does not turn managers "inward", accounting "for themselves to themselves", but turns them outward to instantiate kinship through organisational talk.'

(Munro, 1995: 466-467)

The complexity of the practices he uncovers is testament to the very partial appreciation of accounting's effects within rational accounting. Furthermore, when he turns to the subject of strategy, he finds that '*[s]trategy was not a term much in use within Bestsafe*' (1995: 442). Instead, terms such as objectives and policy were preferred, being more directly linked and relevant to management action. In the context of '*managing by*



*ambiguity*', strategy is not available as a legitimating device (1995: 456), and is left ambiguous, being a product of *post hoc* rationalisation (1995: 457).

It was Roberts (1990), however, who pioneered the critical study of accounting practices [later developed in Roberts, 1991) within the contemporary strategic context. He specifically analyses the interactions of accounting and strategy in a U.K. conglomerate, finding that *'strategy is potentially a much more powerful set of meanings around which to mobilize action than the thin abstractions of accounting information can ever provide'* (1990: 125). What he finds is that in Conglom, corporate managers grant business unit managers a significant level of autonomy with regards to strategy formulation. Roberts argues that interfering with business strategy would compromise the strength of the financial control practices in place. Hence *'local management can more easily be held unequivocally accountable for the financial consequences of what they do'* (1990: 115). Ironically, local autonomy is conditional on meeting central targets. This tension between accounting and strategy is partially resolved through the use of conferences, a socialising form of accountability which *'focuses the collective mind'* (1990: 119).

The power of the two papers above is that the critical study of accounting and strategy is shown to produce significant insights into practice. As such, this knowledge expands the discourses of both literatures, revealing regularities as well as differences in their respective practices.

## ***Summary: accounting as practice***

As McSweeney (1995) points out, therefore, the importance of defining accounting in research is relatively unrecognised. He demonstrates how it varies in the literature from ignorance to defining very widely, an inconsistency which needs to be rectified to ensure

that developments in critical accounting retain a sense of coherence. The above review has pulled out a variety of accounting's effects in practice, moving from accounting to processes of accountability. A common drive to understand practices of accounting can be seen to characterise the Critical Accounting literature. A limitation has also become clear. While a trend has emerged towards the study of practices, there is a focus on social practices in a way which hampers, for example, Townley's efforts to constitute a Foucauldian discourse of 'taking care of the self' in the study of performance appraisal. It is this very focus on practices, in a way which is neither simply at a social nor individual level, that is the theme of the methodology chapter.

## ***Part 3: Closing the gap***

'Those attempting to research such order and disorder should be prepared to work at the process of struggle which is impelled by an accumulation of anomalies in existing theories and which stimulates alternative theorising (Willmott 1993: 683). Such creative deconstruction is to be welcomed.' (273)

(Whipp 1996: 273)

Whipp's creative deconstruction attempts to capture the unstable development of theories of practice. The anomaly of interest for this chapter is the reflection of accounting produced within discourses of strategy. In this chapter, I have drawn on Hoskin *et al*'s (1997) genealogical insights, excavating the strategy literature for modernist presuppositions about accounting, and challenging the validity of the discourses and practices found therein. The re-thinking of the histories of both accounting and strategy opens up new possibilities for understanding how these fields inter-relate in the present. I challenge the view, embedded in strategy research, that accounting is a passive, secondary technology when it comes to 'doing strategy', and chart a path towards a reasoned investigation of the active and *pro-active* effects of accounting practices in the construction and re-construction of strategic discourse. Furthermore, the accounting literature is examined, showing how discourses are split between an image of accounting as mirror, and accounting as constitutive. It is the latter that holds out hope for the stimulation of alternative theorising within discourses of strategy.

I believe in this way, we may give an insight not only into strategy, but management in general, of a kind that we may call 'post-structured'. For this approach is not purely 'post-structural' (nor 'post-modern'). For while it draws on post-structural modes of thought, it also poses a question to the whole idea that there is a thing called 'structure'

to which strategy has to be related. What is here in question is whether strategy/structure questions are well posed: should one, in looking beyond the classic idea that strategy emerges only when organisations achieve the M-form, be also looking beyond a search for strategy's 'fit' with other forms (the holding company, the N-form etc). Such a possibility may as yet seem perplexing. I leave it, at present, open, but a possibility for further investigation is signalled by viewing managing, and the doing of strategy, as things which are not purely structured, nor necessarily related to 'structures', and which therefore should be named as 'post-structured'.

The emphasis on 'post-structured managing' is significant in two particular ways. Firstly, from an epistemological stand-point, our theoretical conceptualisation of 'managing' seeks to move radically away from the modern impasse, challenging established norms and delving deeper into reflexive understanding. While ways of seeing are always framed within their own partial reflections, applying the term post-structured suitably indicates the extent of our dissatisfaction with modernistic structured (and structural) perspectives. Secondly, I feel that the argument is made more pertinent by locating the concurrent empirical study within one of the most volatile industrial contexts, that of telecommunications. The level of perceived uncertainty is notably higher than within, for example, the manufacturing industry, presenting a specific, and arguably tougher, challenge to discourses of strategy. It is important, however, to point out that I do not subscribe to the 'postmodern' idea of the beginning of a completely *new era* or Baudrillard's hyperreality. This rhetorical move has the potentially dangerous side-effect of objectifying the *old era*, i.e. modernity, a dualistic misconception which prevents more holistic understanding, either of the kind which sees an inter-penetration of *both* eras (Adam 1996: 143), or of the kind which questions whether we have ever even *been* modern (Latour 1994). To avoid such a quagmire, I perceive telecommunications as post-structured only in reference to the contrast between differing *contemporary* industrial contexts, where the break away from



modernist assumptions would appear most valid. This double manoeuvre celebrates both the instability of apparently established meanings, and the power-knowledge constitution of specific organisational contexts, hoping to avoid the reductionistic totalising sometimes exhibited by contributors to the modern/postmodern debate (c.f. Alvesson 1995: 1064).

This chapter explains how the various prior approaches to understanding strategy have demonstrated a blind spot over accounting, seeing it as secondary, and thus failing to see its central constructive impact. It seems disappointing, therefore, although not altogether surprising, that conventional accounting continues to persist, even within processualist accounts of strategy, continuing to contribute significantly to the mystification of strategic control which, on the face of it, had been left behind in the conventional rationalist school. While processualists, in questioning the rationalism of mainstream strategy theory, question the effectiveness of accounting, they not only fail to deny its integral role in the 'rational' practice of strategy but effectively promote its continued involvement. Such a catering for managerialist prerogatives biases research towards accounting ideals of 'strategy' in practice; these discourses *'reinforce and extend means-end thinking, as every conceivable activity and operation is subordinated to the test of its strategic relevance and contribution for the realization of taken for granted corporate objectives.'* (Alvesson and Willmott 1995: 99). Even recent critical approaches (e.g. Knights & Morgan 1991; Zan 1995) have not demurred over accounting's significance in any major way. Thus all such approaches, while having different *explicit* objects of analysis (from the strategy/structure relation to the role of irrational forces of political conflict, ambiguity and uncertainty), have tacitly allowed accounting into the citadel of strategy.

The close ties theorised above between the two apparently distinct schools of strategy points ever more urgently to the need for a critical re-appraisal of strategic discourse.

Critical accounting and strategy research now enables a new kind of critical stance towards both the rational and processual approaches, as it articulates a different, even inversionary, relation of accounting to strategy, and suggests a new way of seeing how accounting is involved in constructing strategy from the latter's initial emergence in the nineteenth century (c.f. Hoskin *et al* 1997). Accounting, with its apparent bottom-line certainties, has encouraged strategy to define itself as a discourse of calculation, promoting the comforting illusion of certainty and control in an uncertain world, in a way that echoes this institutionalised image of accounting. This powerful rhetoric of objectivity has proved difficult to resist, continuing to successfully disseminate accounting practices within the Western markets (both business and academic) for strategic discourse. All three discourses of strategy reviewed in this chapter are thus *made relevant* in a way which forges wider institutional support for *both strategy and accounting*. While the *rhetoric of strategy* is considerably strengthened by a partnership with accounting, accounting itself benefits hugely from the massive expansion of its marketplace.

However, the development of strategy research may have been both constrained and enabled by the dissemination and internalisation of conventional accounting principles. This can be explored on two inter-related fronts, in *theory* and in *practice*. Processualists have pinpointed, as potential trouble spots, manifestations of conventional accounting *in practice*, but, as a result of an inhibited *theoretical* understanding of accounting, are unable to explain *why*. Quinn, for example, identifies situations where a fixation with more 'objective' data obtained through 'accounting practices' (1995/85: 706) can impede the emergence or considered evaluation of intuitively plausible alternatives, but holds back from theorising *why* this might happen. Mintzberg, meanwhile, begins to theorise why formal control remains an important issue within strategic planning, asserting that the '*preferred means [of planning] is articulation, ideally quantification*' (1994: 194) and making the observation

that the planning school's *'obsession with control generally seems to reflect a fear of uncertainty'* (1994: 202). In common with other schools of strategy, however, Mintzberg does not fully appreciate the reluctance of management to dispose of their accounting constraints. Accounting discourse is internalised and reproduced by individuals, being institutionalised through pedagogic and cultural forces (Hoskin and Macve 1986, 1988). Power-knowledge discourses such as accounting, are therefore ably manoeuvring both within and without individuals, merging *and conflicting* with discourses of strategy.

Is therefore, research on strategy *relevant?*<sup>25</sup> Relevant to whom or what? This chapter investigates the 'relevance' of Anglo-Saxon discourses of strategy to managerial *practice* (as opposed to managerialism), exploring the hypothesis that the particular role of accounting has remained hidden, thus hindering the development of more relevant strategic discourses. In a slightly paradoxical vein, managerialism may not be relevant to managers. Conventional notions of accounting have infiltrated rational, processual and critical theories, to the extent that the ability of such research to explain practice is actually inhibited. Does this, therefore, support Hoskin *et al's* rather worrying assertions that *'inevitably managerialism invents strategy, for strategy is simply one more manifestation of [the] desire for grammatocentrism and calculability'* (1997: 7)? Perhaps, hopefully, it points more positively to the need for a re-appraisal of critical strategy research *from the direction of accounting*, offering the prospect of a more careful

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<sup>25</sup> While an interesting parallel can thus be drawn between the retention of orthodox accounting in both the theory (rational/processual) and practice of strategy, this does not in itself justify the unreflective theoretical reliance on its presumptions, and indeed, it is my thesis' contention that such notions are becoming increasingly out-dated in practice within contemporary competitive conditions.



move away from the current modernist juxtaposition of accounting and strategic discourses<sup>26</sup>, and towards a new kind of enabling 'accounting for strategy'.

The introduction of the reflective study of accounting practices has the potential to force a displacement of current strategy discourses. There is a possibility of moving beyond strategy as talk or discourse, to viewing strategy as practices enabling, shaping and limiting discourses of power with truth effects. This directly challenges the presumption over organisation as bureaucracy which is found within processual discourses. This also enables the analysis of denunciation, denial and disruption of strategy as Munro found (1995: 442) within contexts of perceived high uncertainty and de-centred management control. The critical edge is therefore against the *primacy of strategy as a top management discourse*, and draws on similar philosophical foundations as Chia (1994, 1996). Process can be re-understood through a more complex web of practices and discourses, one which break free from the constraints currently imposed.

Perhaps the stagnation problem stems from the double hurdles, as Pettigrew (1997) recognises, facing management research – at its most basic, '*scholarly quality and relevance*' (279) or '*embeddedness in the social sciences and the worlds of policy and practice. The study of change adequately meets this hurdle.*' (292) It is clear, however, that Pettigrew has the foresight to recognise the inherent limitations of any dominant discourse, *including his own*.

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<sup>26</sup> Hoskin *et al* (1997) locate accounting as playing an instrumental role in the construction of modern strategy, but this genealogical study is focused on the *nineteenth century*. While the continuing importance of this work is confirmed by my thesis' deconstruction of processualist research, at the same time, the conditions which supported such an emergence have indisputably changed. It is the examination of the possibility of a *second discontinuity* which therefore forms the research question.



'There is a role for iconoclasm and criticism in management research, as anyone who has read Pettigrew (1973) and (1985) will appreciate. To work on relevant research is not simply to address problems of current interest to power figures framed in their terms.' (295)

## ***Caveat: presence and absence***

In the light of concerns over the hegemony of strategy, it is fitting to point out that neither strategy nor accounting is all-pervasive in practice. In addition, while this chapter wishes to promote the reflective study of accounting within strategy, it does not wish to promote presence where absence exists. Two papers, Choudhury (1988) and Inkpen and Choudhury (1995), argue how presence is over-privileged in studies of both strategy and accounting. They highlight what they see as a cognitive bias of researchers towards presence, leading to a marginalisation (or indeed preclusion) of absence. The avoidance of the possibility of absence may constitute a barrier to the deeper understanding of both phenomena. I conclude with a quote from Choudhury (1988: 549-550), which deals with absence in the accounting literature<sup>27</sup>.

'Accounting researchers appear to be preoccupied with accounting presence. The literature is replete with "discoveries" of accounting – normative discoveries of accounting solutions to problems..., positive discoveries of "real-world" accounting phenomena. They observe the existence of budgetary systems, of standard costing procedures, of transfer pricing mechanisms, and convince themselves of the everywhere-ness of accounting. This is a non-discriminating view of reality. Accounting in the form of systems and procedures develops, changes, sometimes is and sometimes *is not*.'

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<sup>27</sup> Also see discussion of Munro (1995) above.

# **(III) Methodological Stance**

## **Introduction**

The purpose of this chapter is to frame methodologically my 'ethnographic' inquiry into the discourse and practice of strategy. If my literature review has signalled the nature of my critical focus on discourses and practices, from a post-Foucauldian viewpoint on the construction of the self and social, I want here to consider the methodological implications of this approach. For arguably my work destabilises more conventional forms of analysis into strategy and accounting at various levels. For the approach does not begin from such general categories as 'the individual', 'the social' or 'the economic'. Instead, its focus on the constitutive role of practices in the construction of 'powerful knowledge' turns attention to terms such as 'organization', 'accounting' and 'strategy'. The first two may variously refer to structure or process, as well as the practice of 'doing accounting' or 'organizing'. This therefore means that the conventional approaches to 'doing ethnography' become questionable, insofar as they derive their understandings from categories such as the individual and the social, thus maintaining a reliance on an objective-subjective dualism, or aiming to maintain some apparently scientific notion of generalisability about their findings. As part of my own approach to doing ethnography, I attempt to see how I as researcher am also engaging in, and structured by, practices, thus hoping to develop an adequately (but not debilitatingly) reflexive approach, which will succeed in unveiling within the narrative, the twin orders of discourse and practice.

I therefore begin by outlining my theoretical position concerning the relations of discourses and practices.

# **Towards a theory of practices**

The purpose of this section is to analyse how individuals (including this individual) come to speak and write through practices, constituting knowledge of their selves in a way which is expressed and developed through discourse. My argument is that a theory of practices can enable the bridging of the dualisms typically found within conventional ethnographies, and enable a better understanding of the multiple ways in which power relations are implemented in the modern world, even as certain modes of knowledge are rendered distinctively powerful.

## ***Dualisms in organisational analysis***

The question of which methodological category this thesis fits into is perhaps a confusing and difficult one, though I would argue that it is closest to the 'critical tradition'.<sup>28</sup> Certainly it is differentiable from most research into strategy coming from the direction of accounting, which has tended to fit into an objectivist and derivative stance (i.e. seeing strategy as the dominant discourse, and as 'rational planning', with accounting as its 'objective support system'. Most of such work fits well into the

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<sup>28</sup> Ostensibly, Chua's (1986) classification of *critical* research comes the closest. The major difference is in this dissertation's lack of prescription with regard to *change* (although why critique should necessarily or immediately lead to change is itself problematic, since an implied prescription that critique entails change is a likely way of condemning critique to fail on its own terms, by turning it into a precipitate of change, thus rendering critique's independence – arguably its distinctive feature – dependent. This may be felt to be ethically desirable, but that is not the same as being logically consistent as an understanding of critique, or of its functions. At the same time, the theoretical framework arguably enables *resistance* through its attempts to destabilise existing categories of understanding, though this may proceed in unanticipated as well as anticipated ways.

framework developed by Burrell and Morgan (1979)<sup>29</sup>, in which they identify two dimensions about which research appears to revolve.

They argue that the subjective/objective and radical change/regulation dimensions encompass the spectrum of researchers' assumptions, and so provide a fundamental basis for distinguishing types of research. Even though the adequacy of their model has been widely debated, one significant effect of their categorization has been to destabilise the automatic privileging of functionalist or objectivist research approaches within strategy and accounting. This has therefore helped redress what they see as the imbalance towards '*objectivist assumptions operating within, and thus supporting, the status quo*'.<sup>30</sup>. In this way Burrell and Morgan have helped to redefine the mainstream approach as one among a number of *competing* claims, helping to move thinking away from a dogmatic and one-dimensional approach to research. However, while Burrell and Morgan's (1979) framework helps challenge the totalising tendencies of functionalism, it does little to overcome modernist forms of dualism. For a researcher in their typology remains *either* objective or subjective, *for* radical change or regulation.

The first of these dualisms is of particular importance for this study, given the questioning posed to the categories of the individual and the social under the approach via practices. But it is not clear that this study can begin from the paradigmatic dichotomy as proposed by Burrell and Morgan (1979, p. 1), where they propose that:

'Social scientists..are faced with a basic ontological question: whether the 'reality' to be investigated is external to the individual - imposing itself on individual consciousness from without - or the product of individual consciousness; whether 'reality' is of an 'objective'

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<sup>29</sup> See Hopper and Powell (1985) for the application of this framework to the accounting literature.

<sup>30</sup> The functionalist quadrant of Burrell and Morgan's framework.



nature, or the product of individual cognition; whether 'reality' is a given 'out there' in the world, or the product of one's mind.'

For the whole relation of the self to itself and of the self to the world comes under question once the category of the individual as undivided or undividable (as the Latin *in-dividuus* signifies) is not taken as primary. The relation to the social is firstly not definable in terms of a standing outside of the social world by the self, getting things 'objectively' in perspective in a supposed 'view from nowhere'. Secondly it is equally not wholly definable in terms of a world that is *prior* to the self, a social totality that therefore leaves the viewing or knowing self as essentially subjected to the world's dominance and able to view and know the world only from a *partial* perspective. This would be to render the self subjected, and so irredeemably 'subjective', through the theoretical priority of the social.

Under an approach that sees the individual and the social being co-produced out of practices, this kind of 'cut' through the world is destabilised, if not ruled out, *ab initio*. Recognising this is essential if we are to grapple effectively with the ontological and epistemological issues which are raised by approaching strategy and accounting research from the direction adopted here.

Thus, under the approach I shall adopt here, the 'basic ontological question' as posed by Burrell and Morgan dissolves. But it would be naive to pretend that the question as they pose it has not continued to be implicit and significant within the much work undertaken in the management and accounting research traditions. The objectivist/subjectivist divide has been perpetuated as an issue within the debate over paradigm incommensurability (cf Jackson and Carter 1991). The agitation over this supposed incommensurability has helped to maintain the dichotomy as a significant point of difference, arguably frustrating constructive dialogue (cf Kuhn 1970). So until

recently we still find the choice as being posed between '*the problems of objectivism and the relativist quagmire of subjectivism*' (Johnson 1995, p491), or, as Parker fears (1995, p. 561), between '*saying nothing and saying everything*'. Why then is this '*paradigm mentality*' (Wilmott 1993) adhered to, or indeed defended?

In answer to this, it is perhaps important to appreciate the mood of the period in which *Sociological Paradigms and Organizational Analysis* was published. Silverman's *The Theory of Organizations* (1970) had provided an extensive and insightful critique of what he identified as a rampant functionalist imperialism within organisation studies, clearing the way for a recognition of the validity of previously non-orthodox approaches (Wilmott, 1990). Within this context, Burrell and Morgan produced a seminal mapping of a range of potential analytical stances, which helped to redefine views of the mainstream and advance a more pluralistic understanding of organisational study. Thus the battle over subjectivism/objectivism itself became an integral part of the discursive field we can name as 'Organizational Behaviour'. So it is not surprising if even now some look to maintain a separation of paradigms, to defend against the marginalisation and domination of weaker positions which commensurability is seen as inducing (Jackson and Carter, 1991).

Meanwhile others (e.g. Donaldson, 1985) have maintained a separation wherein 'classical' organization theory is simply presented as superior, with other possibilities ignored. So Donaldson continues to assert that '*(t)he intention of social science is to examine social phenomena in the scientific way*' (1985, p76), as if there were no alternative paradigms, and indeed no tradition of work destabilising the claims of science to be purely dispassionate/objective, through the study of science as a social phenomenon (see for example Feyerabend, 1993). The continuance of this sort of oppositionalism re-emphasises the continuing value and importance of *Sociological Paradigms*, and not only for studies of business organizations as such.

For instance, the dualisms identified within the work of Burrell and Morgan can be seen within many prominent ethnographic texts, which remain permeated with forms of relativism even as they aim for a social realism to their analyses. So Hammersley has pointed out that a distinguished Chicago sociologist like Herbert Blumer may draw on realist metaphors to drive forward the cause of ethnography, notably 'lifting the veils' and 'digging deeper', thereby proposing that *'the superiority of ethnography is based precisely on the grounds that it is able to get closer to social reality than other methods'* (Hammersley, 1992: 44). At the same time, Blumer's approach adopts a form of objectivist detachment, as he proposes that *'the social world should be studied in its 'natural' state, undisturbed by the researcher.'* (Hammersley and Atkinson 1995: 6).

In such a naturalist / realist approach, the researcher remains authorised as outside the social reality investigated, a laudable aspiration given a would-be scientific agenda, but one doomed to prove unscientific in its execution. For it would seem that the researcher cannot maintain this separation, either at the level of data gathering or at that of interpretation and narration, since all these remain as 'social' and 'human' as the activities of the people studied. No *essential* separation can be drawn that is not undermined by the author's own location and action in the social world.

Of course, against this realist slant, there is in practice a strong constructivist impetus within much ethnographic work, which argues that in understanding the world one has to acknowledge that one is inside it, even if one is not totally of the social grouping (and in that sense 'the world') of those studied. This approach recognizes that the researcher in being different disrupts the 'natural' social world just by being present. He/she then can only represent what is there, including this disruption, in a textual narrative that is necessarily other than (and perhaps less than though in some ways more than) the



world represented. Thus the constructivist process in a certain way *re-constitutes* a reality that is already constituted for the subjects of research.

However, constructivism in itself does not necessarily resolve the dualist problem, so long as it clings to a realist epistemology as the means of providing a scientific edge to its ethnographic research. For such a strategy will continue to fail the reflexive test, insofar as it grants the researcher a special interpretational privilege as producer of a distinctive 'real knowledge'. On the other side, if it maintains a constructivist position consistently, then it runs the risk of falling into a relativist epistemological stance. As Hammersley points out:

'What may seem to follow is that in their work ethnographers create a social world (or worlds), rather than merely representing some independent reality (more or less accurately). And, it may be concluded, this world is no more nor less true than others; for instance than the perceptions and interpretations of the people studied. In this way, ethnographic constructivism seems to result in a relativism that is in conflict with ethnography's commitment to realism.'

(Hammersley 1992: 45)

Thus in both cases a dualism putatively evaded re-emerges strengthened by its apparent essentialised innocence.

Dualism as a block to reasoned thinking is of course a problem long recognised within the philosophical tradition. Sociology, anthropology and such spin-offs as classical social ethnography are not alone in being brought into question over such problems as what are the categories for dividing up the world (the individual versus society, self versus other, action versus structure) and where the dividing lines should be located between key categories (rationality / irrationality, masculine / feminine, inside /



outside, etc.).<sup>31</sup> Within the western tradition of reasoning, the central importance of having a coherent and stable standpoint from which reasoned thinking can proceed has long involved some distinctive form of dualist separation, certainly from Descartes and back even to Plato.

In Descartes, the search for a ground whence truth and illusion can be distinguished within the world we occupy leads him to the separation between *res cogitans* and *res extensa*. Here the problem of radical self-doubt about the possibility of occupying such a ground is resolved (or at least held in reasoned suspense) through establishing, via reason, that there is one allowable self-knowledge that is not dissolved in self-doubt. This is the 'I think' (for reasoned self-doubt is itself a manifestation of the *res cogitans* at work). So, when in his *Second Meditation*, Descartes asks 'What am I' he can with reason come to the conclusion that he is 'a thing that thinks'. This then is a ground on which he (and reason) can stand, even as he realises (through reason) that the *res extensa* beyond the *cogito* remains an uncertain and shifting domain only accessible via the fallible senses.

Importantly, as Chia (1996) stresses, the Cartesian form of dualism needs to be understood as one depending on a certain sense (fallible in itself but at a level of the invisible not necessarily so) of *visual representation* (cf. Jay, 1993). Descartes' version of the self as *res cogitans* is very much a self that in thinking aright gets things 'in perspective', and so sees the world as it really is, through correcting for the uncertainties and fallibilities necessarily associated with utilising the senses to perceive the *res extensa*. As Jay and Foucault have in different ways explicated, there is a new way of thinking and seeing engaged with here, one possible given the development / invention of geometrical perspective as the means of representing the visible world

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<sup>31</sup> See literature review chapter.

supposedly 'as it is', and which therefore 'sees' true thinking as mirroring the (internal and external) world (cf Rorty, 1980). This new form of thinking, representationalist thinking in Foucault's terminology, inverts a prior emphasis on 'natural' resemblances, and constructs a new kind of arbitrary space, within which a new order of signs as signifier/signifieds can operate, i.e. as *representational* signs that comprehend as if transparently both the representation and the referent.<sup>32</sup>

This form of dualism has in turn its own earlier history, in which the most significant predecessor way of seeing is Plato's division of the phenomenal world from the world of 'ideas'. In this first sustained western dualism the 'ordinary' thinker / seer (who cannot see beyond the illusions of this world) is differentiated from the true thinker / seer who, informed by dialectic, sees the true ideas behind the phenomenal appearance. Thus the truth of 'being' becomes, for Plato, understandable through thinking aright in a way apart or abstracted from the visible world. Within the subsequent post-perspectival way of representational seeing, this abstractionist tendency is if anything intensified. So for Descartes, the brain as site where perceptions are received and processed is a site of imperfection, one which often obscures the 'natural' geometric correspondence between the mind and the world (Jay 1993). But the mind sees truly. So in much of subsequent philosophy, the mind is seen as a mirror (Rorty 1980), its proper functioning requiring an ontological separation between language and the material world it designates.

It is thus possible to delineate Cartesian rules of thought as completely distinct from tribal rules (cf Garfinkel 1974). While the latter may have a rationality to them, in the

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<sup>32</sup> It should be noted that the analysis developed here concurs with Chia (1996) against Foucault (1970) that the representationalism of the Classical Age has continued its incisive career into the Modern Age, without diminishing in significance despite the advent of a new 'historical' or historicising consciousness, and the emergence of new 'disciplinary knowledges' of and about 'the human'.

way that they are determined by social agreement, the former can be seen as constituting (or attempting to constitute) their own axiomatic rationality, so long as the visualist division between viewing self and world viewed is accepted.

This is perhaps particularly likely within a literate world dominated by alphabetic writing, and within the alphabetic tradition, by Latin-derived languages which have a grammatical tendency towards a *subject-verb-object* format. Here a form of writing that, given the letter-syllable-word format developed in ancient Greece, always presents signification as built up through the combination of 'self-evidently' rational units, extends that illusion significantly. As Bohm (1980, p29, quoted in Chia 1995, p592)) observes, this format

'...implies that all action arises in a separate entity, the subject, and that in the cases described by a tentative verb, this action crosses over to the space between them to another separate entity, the object.'

So meaning easily presents itself as being already-there, frozen within the signs representing discrete entities and events, at the expense of the verb (Chia, 1995). Such a meaning is what can then be recovered, beyond the illusions of the world or the brain, by the true-seeing disembodied 'mind's eye' (Jay, 1993).

It is this way of seeing, so embedded in the Western tradition, that has now come in various ways into radical question. At one level it is a matter of getting movement back into thought, reprivileging the temporal alongside the spatial, something that has become particularly apparent in the post-Newtonian scientific world, particularly in 'extreme' fields such as particle physics, or conversely at the level of cosmological analysis. Here science as an art of knowing rediscovers its pre-Socratic affinity with poetry. So Chia can observe:

'Both Fenollosa<sup>33</sup> and Bohm demonstrated unequivocally that the modernist tendency to reify, invert and then forget and deny the reification and inversion processes is a consequence of the logical structuring of the English language. Both emphasized the significance and importance of thinking in terms of a 'language of movement'.(Chia 1995, p593)<sup>34</sup>

This kind of approach, which can now claim its own form of scientific justification, has in recent years opened up its space within traditional Anglo-American social science, for the appropriation of other strands of thinking within the modern Western tradition, where a questioning of objectivism and other versions of naïve dualist thinking has been more strongly maintained. The roll-call of thinkers includes those in the German and French post-Kant, post-Hegel traditions (e.g. Nietzsche, Marx, Freud, Bergson) and inheritor work in this century, down to that characterised in recent decades as post-structural and post-modern.

If there is one path which has marked out the concerns over objectivism more influentially than any other, it is perhaps the path of thinking that leads through Husserl's questioning of the social/individual divide to Heidegger's radical return to the

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<sup>33</sup> The poet Ernesto Fenollosa - circa 1900.

<sup>34</sup> If one moves beyond English alphabetic discourse, such thinking becomes more 'self-evident'. Compare the sentence 'it is raining' to its Chinese formulation '*falling rain*' (cf Bohm 1980). The Chinese language forsakes the freeze-frame effect of English, as the sign '*falling rain*' varies in sense depending on the temporal modifier it is linked to. Thus, given a period of wet weather a Chinese weather forecast might be '*yesterday falling rain, today falling rain, tomorrow falling rain*', while a English counterpart might be: '*it rained yesterday, we have rain today, it will be raining tomorrow*'. Loy (1988) contends that English nouns act to objectify time, placing objects in time by construing them as nontemporal or self-existing. This creates a '*delusive bifurcation..between time and "things" generally*' – things which then include the self. For the '*objectification of time is also the "subjectification" of self*' (1988, p220).



question of 'thinking being' (abandoned in his opinion since Plato), through a re-thinking of pre-Socratic thinking. From Heidegger, and his questioning of whether the ontological question is even thinkable, comes a mixed and vexed legacy. However, the role of raising such questions in the shaping of radical new approaches to thinking the human world and human being, and to rethinking long-accepted 'categories of analysis', within the 'social', or perhaps better 'human', sciences, is manifestly now highly significant. Much of this has been discovered 'second hand', so to speak, via the French existentialists, phenomenologists and structuralists of the post-1945 period, or the generation beyond. Here Foucault and Derrida frequently become seen as founder figures, wrenched from their own tradition in becoming rallying-points for anti-objectivism in the Anglo-American world.

So for instance Chia (1996) identifies pervasive presence of the *is/is not* doublet within our terminologies as still maintaining representationalist epistemology, privileging the freezing of time as 'presence' and so giving a concreteness and stability to our terms and concepts that flies in the face of our experience of the world and our selves. In such ways, it remains easy to maintain a desire for the human sciences to mirror the natural, hard sciences and to succumb to the lure of objectivism. This illustrates the tendency of the dominant side of a dualism to marginalise or silence its partner (Derrida 1978).<sup>35</sup>

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<sup>35</sup> The essence of dualistic thinking as *false distraction* has long been recognised in Eastern philosophy, as the ancient Vedantic text *The Avadhut Gita* (Dattatreya 1934) puts it.

'Verily the one Self is all, free from differentiation and non-differentiation.

Neither can it be said 'It is' nor 'It is not'. What a great mystery! (1.5)

Free from subject and object am I,

How can I be self-realisable?

Endlessness is my nature, naught else exists.

## ***Beyond the objective-subjective dualism: using deconstruction***

One particular inheritor of Heidegger's thinking is Derrida, whose work has continued and extended the study into how *we are still not thinking*, as well as how deep-seated the contradictions are in what he describes as 'logocentrism'. Drawing on Derrida, organizational theorists such as Chia have looked to use his deconstruction method to re-think the tenacity, even under radical questioning, of such organizational terms and constructs as 'control' and 'planning' (and by extension 'accounting'). It has long been understood in radical critiques that such terms are seen as technical-neutral and representing technical-neutral practices. But a deconstructive approach may help us see how contestation and contradiction *cohere* within the terms themselves, by making visible otherwise hidden contradictions in the texts of organizational analysis. Insofar as the practice of 'doing accounting' has been so widely understood via the metaphor of *accounting as mirror*, reflecting economic reality, deconstruction may help to destabilise

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Truth absolute is my nature, naught else exists. (1.29)

I am the eternal principle.

Free from attachment and aversion,

Free from imperfections am I,

Fate and providence exist not in me.

Eternally free from the sufferings of the world,

Verily space-like immortality-giving

Knowledge am I.' (3.13)

this view, and so better understand the powerfully constitutive effects of accounting practice in contemporary life. As Chia puts it, in attempting to help us to see beyond a representationalist 'perspective':

'Representation, from a postmodern reading, turns out to be not the attempt to reflect or mirror an external reality, but instead, an attempt to 'condense' what is remote, obdurate and intractable into a form which facilitates control and manipulability.' 118

(Chia 1996)

So if the objective-subjective dualism is usually perceived as being composed of two separate terms, divided from each other, an alternative is to focus on the '*division boundary between the terms*' (Cooper 1990, p173), thus beginning to see how the 'essential' separation is an outcome of boundary-production. From this perspective, the meaning of 'objective' is fundamentally dependent upon the meaning of 'subjective', and vice versa, creating the possibility of viewing the terms as joined as well as split (Cooper 1989). Each is parasitic upon the other in a continual process of redefinition,

This coherence of opposites is the sort of unity that is open to Derridean deconstruction. This kind of doublet is what exposes for him most clearly the way in which signification in general is produced via a process of *différance*. *Différance* as a term combines two meanings of the French verb 'différer', usually kept apart: differing as a spatial term and deferring as a temporal one. Derrida's term is also a neologism, being written with an 'a', a distinction that in French is *only* discernible in writing, since in speaking French it is imperceptible. [Thus it has been suggested that it should be written in English as 'difference', since only this form replicates the original paradox Derrida had in mind.]

In any event, the neologism is one way in which Derrida signals how meaning-in-general is only possible because *all signing, spoken and written*, depends on differentiation, in space and time, so that speech as much as writing is only in principle possible as an expression of an 'arche-writing' (Derrida, 1976), which coming before and outside of time and space, is the sole guaranteeing of the possibility of meaning, instituting the possibility of timing and spacing and so, without prejudice, the possibility of signifier and signified coming into conjunction in particular systems of signification, oral *and* written. There is therefore for Derrida no original 'true writing' of signs, no originary plenitude of meaning which is captured in particular signifieds and transmitted through 'arbitrary' signifiers (which is Saussure's error, in his view). Instead, as Chia (1996, p191) explains:

'Différance...implies an active and ongoing process of differing in space and time in order to enable terms to achieve some (albeit precarious) stability of meaning. Meaning is, therefore, the outcome of a violently enforced demarcation which is continuously at work within the text.'

One attempt to apply a Derridean approach and explain the inadequacy of objective-subjective dualisms is Frug's (1984) 'deconstruction' of bureaucracy theories of organisation.<sup>36</sup> These can be conceptualised as drawing their strength from their attempts to distinguish and maintain an objective-subjective split. Ordered coherence through the construction of a perceived stability is a fundamental strategy employed by the theorists, attempting to deny the preceding stages of representation through *différance*. This order is created out of disorder (cf Cooper 1990). Picking the 'most objective' theory as an example, the formalist model is the classic machine formulation (cf Morgan 1986). Technical means-end rationality is dominant, with objective goals paramount, in line with . a doctrine of shareholder supremacy. Within this framework,

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<sup>36</sup> As used in Cooper (1989).



subjective aspirations may flourish, but they are always distinguished and separated from the functioning of the bureaucracy. Frug (1984) identifies this separation as not only misleading but, in fact, a critical condition of the theory's success. The imperative for the achievement of objectivity turns out to be the exercise of subjectivity. The supplementary effect (cf Derrida 1978) of the subjectivity is both necessary and threatening to the identity of objectivity. The real-life competence of the bureaucracy walks a precarious and unstable tight-rope between an impotent objectivity and a dysfunctional subjectivity. The former arises from a lack of subjectivity, with inaction and indecision strangling the flow towards the desired objectivity. The latter stems from an overdetermination of subjectivity, with arbitrariness and chaos restraining any 'objective' form. Frug (1984) concludes (p1291) *'Indeed, I suggest that we should abandon the attempt to understand the world in terms of the subjective/objective dichotomy; we should deal with the problems of human association in other ways.'*

The problem however is *what* other way can enable us to go effectively beyond the old dualisms without relapsing back into them at some level or in some way, however delayed, that ultimately proves fatal. One may recall Wittgenstein's reflections on the paradoxes concerning the 'I' and the world.

'The I makes its appearance in philosophy through the world's being *my* world. (12.8.16)

Here we can see that solipsism coincides with pure realism, if it is strictly thought out. The I of solipsism shrinks to an extensionless point and what remains is the reality co-ordinate with it. (2.9.16)

At last I see that I too belong with the rest of the world, and so on the one side *nothing* is left over, and on the other side, as unique, *the world*. In this way idealism leads to realism if it is strictly thought out. (15.10.16)'

(Wittgenstein 1961a, quoted in Loy (1988), p204)

Any reflection on the objective-subjective dualism raises a number of important issues. Most apparent should be this chapter's insistence that a 'choice' between objectivism and subjectivism is, in fact, *no choice at all*, if research is attempting to delineate the complexities of reality. On the one side, positivism is chained to the agenda of scientific method, offering comfort through coherence and rigour but ultimately remaining an abstraction. On the other, subjectivism locks experience into the mind of the individual agent, tearing the ground away from the establishment of truth as other than relative. As Wittgenstein shows us, the very intransigence of solipsism brings alignment with that which it most detests. Neither polarity therefore provides a defensible epistemology by *itself*, while each proves to be locked in a fatal embrace with the other.

What we therefore need is an approach that respects that embrace without being throttled by it, an approach that accepts and celebrates the paradox of living. As Burawoy formulates the problem:

'Objectification of work, if that is what we were experiencing, *is very much a subjective process* - it cannot be reduced to some inexorable laws of capitalism. *We participated in and strategized our own subordination.* We were accomplices in our own exploitation. *That, and not the destruction of subjectivity, was what was so remarkable.'*

(Burawoy 1985, p10, quoted in Wilmott 1993, p694)

The question that arises is perhaps, what are we as 'the subject' here? How are we to be theorised in this dilemma, or equally to theorise ourselves, as participants in and strategisers of our experience, and equally as accomplices in the objectification of (our) work? It is at this point that an approach developed in and from the later work of Foucault can, I suggest, be helpful.

## ***Of discourses and practices***

In the attempt to understand our selves as subjects and objects, actors and accomplices, it was Foucault's massive yet simple contribution to turn our attention to *practices*. Recognising that it is futile to begin either with the individual or the social as constitutive ground, he began from the level of this category that is neither reducible to a social nor an individual *property*. Practices are that through which we become individuals, and equally that through which social regularities are produced. Practices (including communicative practices such as those of talking and writing) are that through which 'discourse' is generated, taking discourse as '*what at a given era is said, written, thought out of all the things that could be said, written and thought*' (Hoskin, 1994: 67, paraphrasing Foucault). Foucault can be seen undertaking an analysis of practices, such as that of examination, in works such as *Discipline and Punish* (1975). Examination is identified there as the practice that brings together the two disciplinary principles of hierarchical surveillance and normalising judgement, thus bringing power and knowledge relations into a close and 'disciplinary' relation.

Extending Foucault's work, Hoskin suggests that examination is just one of a small number of usually overlooked 'secondary' practices which together enable us to become our selves within a given historical world. These practices, whose interplay proceeds below the level of conscious focus, are those involved at any given historical moment in our communicating, our learning and our valuing. For the modern 'disciplinary' era the significant forms of these practices are those of writing, examining and grading, this being the first era in history when people in general have learned to read and write, have undergone constant (written and oral) examination, and have been subject to numerical grading, the quantifying of qualities. These practices, far from being natural, are instead the architects of our much more significant 'second nature'. The discourses

of modernity show over and again the impact of these practices, none more so than those of modern management. But more generally, what thanks to Foucault becomes visible in the range of what gets said and written at any given moment is the *influence in general* of secondary practices.

Thus from Foucault we may in Hoskin's view extrapolate a new theory of practices.

'What the approach via discourse and practices offers is a new and reasoned way of moving beyond the old futile oscillations, since both practices and discourse are located in between the traditional *langue*/*parole*, material/ideal and social/individual oppositions. Discourse is, for each of us and all of us, what is historically given as the previously-said, but then in our own histories (social and individual) it is shaped and developed to say the previously-unsaid. Practices similarly are technologies which socially we cannot avoid yet which individually we internalize in varying ways, with effects that are both socially regular and personally differentiated. Together, the operation of practices and discourse is what enables the construction of us as differing individuals in historically specific contexts: it is what makes possible the production by us (whoever we are) of both the ideas and the material realities of our time (whenever that is).'

(Hoskin, 1994: 78)

Much of this way of seeing is discernible in works as early as Foucault's '*The Order of Discourse*' (1970/1981). It is here that Foucault elaborates the thesis that 'discourse' refers to that communicative 'order' which is neither reducible to the structure of 'a language' (*langue*), nor to its surface speaking/writing (*parole*). Instead, he argues, it is that prior communicative level out of which such constructs as *langue* and *parole* emerge, that historically specific communicative context into which we happen to be born and which we then shape and turn as we speak and (in literate cultures) write. This sort of understanding has a particular value in studying the way in which a construct such as 'strategy' gets talked about and acted out in a given organizational



context. Studying strategy as a discursive category (or indeed 'practice', insofar as discourse is a product of communicative practices) enables the management/accounting researcher to avoid beginning investigation from such problematic metaphysical categories as 'the economy', 'the state' and the 'global market' (though such categories remain objects of fascinated enquiry). Instead one looks to focus on what is said and written in particular settings (whether at the top of organisations or in their hidden interstices), and on what one may call the 'apparatuses' and 'practices' which shape what is said (and not said), and who speaks and who remains silent.

A certain primacy is therefore given to identifying the rules and regularities which govern the discursive practice of strategy, and so set its current boundaries (while also recognising how the transgression of given boundaries, the reconfiguration of the currently 'sayable', is *itself* always one of discourse's regularities). If one will be identifying certain ways of speaking and writing as powerful, and certain kinds of knowledge as privileged, this is not to hypostatise 'power'. It is to recognise that relationally some people have more 'right to speak' than others, that edicts with the imprimatur of the Managing Director or other authority as 'author' will command an attention (even where they fail to command respect or belief from other organizational members).

Certain 'cycles of exchange' can then be described, *e.g.* between privileged knowledge, practices of management and 'discursive regularities'. We can observe knowledge being internalised and acted upon by subjects (whether as strategizers or accomplices) and thus giving discourse a specificity, which then in turn acts back on and shapes knowledge (*c.f.* Said, 1974). Equally one may observe the operation of the exchange cycle between privileged knowledge and the exercise of power, and how a specific form of discourse such as that we know and name as strategy is constituted in this cycle. In

such ways one may reflect, in a rather distinctive way, on how strategy gets constituted as a particular 'regime of truth'. At the same time, discourse analysis may underscore the contingency of the various approaches to doing and conceptualising strategy current at a given moment, thus reiterating the limits which befall any attempt to inscribe knowledge as 'objective' within the field of the human sciences.<sup>37</sup>

But this kind of discourse analysis can only be undertaken via the approach through practices, as particularly articulated and theorised in Foucault's late works. As Starkey and McKinlay put it (1998: 237): *'Foucault's final emphasis is very much on practice – taking care of rather than knowing the self...'*.

This is perhaps best articulated in the slightly mysterious article (Gutting, 1994) which first appeared in the *Dictionnaire des philosophes*, edited by Denis Huisman and purportedly written by one Maurice Florence. This piece shows in condensed yet sophisticated detail how practices and discourses are distinct, yet inextricably inter-related. As Gutting (1994: viii) points out, the spirit of the piece is very in tune with Foucault's last published works and there is no trace of any Maurice Florence at all within French philosophical writings, which suggests that the piece is in fact by that other MF, Foucault himself.

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<sup>37</sup> 'On the one hand, all knowledge is the effect of a specific regime of power and on the other hand, forms of knowledge constitute the social reality which they describe and analyse: 'power and knowledge directly imply one another; ...there is no power relation without the correlative constitution of a field of knowledge, nor any knowledge that does not presuppose and constitute at the same time power relations' (Foucault, 1977: 27). The effects of the power/knowledge complex are relayed through different discourses: 'it is in discourse that power and knowledge are joined together' (Foucault, 1978: 100, all cited in McNay, 1992: 27).

What is immediately apparent is the emphasis on practices, and the refusal to allow them to be reduced to being a 'property' of the individual or a manifestation of the 'socially given'. They operate as a category which functions at both levels while being reducible to neither. Thus, in the 'break introduced by Michel Foucault':

*'It is no longer a question of basing philosophy on a new cogito, or of developing a system of things previously hidden from the eyes of the world, but rather of interrogating the enigmatic gesture...through which true discourses...are constituted, with their familiar power.'*

(Florence, 1994: 314)

Instead, it is a matter of determining what the human subject *'must be...in order to become the legitimate subject of one form of knowledge or another. In short it is a matter of determining its mode of "subjectivization"....'* (1994, p. 315). But this entails equally determining *'under what conditions something can become an object of possible knowledge....of determining its mode of objectivization...'*. Yet this objectivization and subjectivization *'are not independent of one another; it is from their mutual development and their reciprocal bond that what we might call "truth games" arise'*. As the article goes on, for Foucault the particular interest was *'those truth games in which the subject itself is posited as an object of possible knowledge'*. And in this study of the relations between the subject and truth, it later goes on (1994, p. 317), there have been certain methodological choices. First *'a systematic skepticism with respect to all anthropological universals'* (i.e. invocations about 'human nature' or social regularities such as 'delinquency' or 'sexuality'), so as *'to interrogate them in their historical constitution'*. Second a refusal of *'the philosophic procedure back toward the constitutive subject'*, thus denying any priority to the sovereign rational individual, Cartesian or Platonic. What then is the positive step that potentially wards off the relapse into one or other pole of this unproductive dualism? *'...[A] third methodological principle...that of appealing to "practices" as a domain of analysis, of approaching one's study from the angle of what*



*"was done"...*' (1994, p 318). The study is of practices *'that are more or less regulated, more or less conscious, more or less goal-oriented.'* Such practices *'understood simultaneously as modes of acting and of thinking, are what provide the key to understanding a correlative constitution of the subject and the object'*.

Now as MF then observes, via this analysis of practices one can study power relations. Such study will involve *'studying the devices and techniques that are used in different institutional contexts to act on the behaviour of individuals taken separately or in groups; to shape, direct and modify their behaviour, to impose limits on their inaction, or to inscribe it within overall strategies that are thus multiple in their forms and zones of enactment'* (1994: 318, **emphasis added**). For Foucault this was seen particularly as involving procedures of *'governance'* (319), but another way of naming the same constellation of practices, particularly in this modern era, is as *'management'*, or indeed taking up the term he himself invokes here, *'strategy'*.

The work of Hoskin and Macve has argued that accounting has an integral role to play in the production of this kind of power relation, where governance or management is put in play. In line with the MF analysis, they are concerned with accounting as practice, and therefore look to develop an approach that sees accounting practices as contributing to the constitution of a regime of truth which is therefore very precisely not relativistic. For there are ways in which numbers can be erroneous and falsities produced, and so the constitution of accounting as *'true discourse'* requires first getting beyond such errors, to gather together and record transactions properly. Accounting then operates as a form of truth-as-correctness through naming and counting entities properly, in the particular ways of inscribing of a given era (from stewardship accounts, to double entry, to electronic spreadsheets). Via accounting practice, specific and precise values are constituted (and at a more general level the possibility of valuing is continuously enabled and confirmed).



Accounting's familiar power is experienced where people accept what accounting is saying in the idiom of the time, and then operate in terms of what the numbers 'report'. It is thus as 'secondary practice' that accounting has its effects, as people focus on the primary task of valuing some entity, and so overlook how the valuing practice they are using is using them. This is perhaps one reason why the close study of accounting practice is left to one side by so many management researchers. Yet this does not mean that accounting practice does not have significant effects on the doing of strategy. Budgets and targets are, for instance, familiar ways of undertaking the practice of accounting which have long been absorbed into the discourse of strategy, and now operate as part of strategic 'truth games'. Such modes of accounting turn managers and workers into accountable subjects, and as such the objects of accounting truth, thus exemplifying a central feature of the MF thesis:

'...not the discovery of true things, but the rules according to which, with respect to certain things, what a subject may say stems from the question of truth and falsehood.'

(Florence, 1994: 315)

A Foucault-influenced critical study of the interrelations between accounting and strategy, in their historically specific modern forms, will therefore study how humans are constituted as subjects and objects by the relevant secondary practices. It therefore will be undertaking a *disciplinary* analysis, insofar as we are formed through secondary practices (such as those of writing, examining and grading) which are the means to generating disciplinary knowledges and the disciplining of action and thought. Such a project follows directly from the work of Foucault, not purely because it takes up on the insights in *Discipline and Punish* (1975) about the modern mode of power being 'disciplinary power', but because it contributes to his project in the 'human sciences'.

According to MF, one may distinguish three types of study as falling within this project. There are the studies such as that in *The Order of Things*, into the historically different ways in which humans approach the understanding of the 'nature' of words, work and life, which therefore have put at centre stage '*the question of the speaking, working, living subject...*' (Florence, 1994: 316). Secondly, there are the studies into the historically changing ways in which such doublets as madness/reason, health/disease and justice/correction have been construed, undertaken in works such as *Madness and Civilisation*, *The Birth of the Clinic* and *Discipline and Punish*, which have brought into focus 'the constitution of the subject as...an object of knowledge...' (Florence, 1994: 316). Thirdly, through his unfinished multivolume *History of Sexuality*, Foucault raised the reflexive issue of underscored the history of subjectivity as one of:

'...the constitution of the subject as its own object: the formation of the procedures by which the subject is led to observe itself, to analyze itself, to decipher itself, to recognize itself as a domain of possible knowledge.' (Florence, 1994: 316)

Here the approach via practices confronts the issue of truth and its relations to error and falsehood on the ultimate slippery ground marked out by Wittgenstein as the place of solipsistic aporia, where the self attempts to reflect, via reason, on the self.

The genius of Foucault's break with tradition is in not attempting the self-defeating task of studying the self as such, but instead studying the secondary practices through which the 'care of the self' is undertaken by the self. Thus he sets out to observe how in different eras, depending on the particular set of practices of self-care in use, we historically situated subjects have succeeded in making the self a particular kind of object of and for itself. Here the power/knowledge interplays will change as the practices change, and so as the relation of the self to the self is altered. However if the

exercise of power is therefore contingent in the same way as the construction of knowledge (including self-knowledge), power, like knowledge, never disappears. It remains in play in some way that is always 'to be determined'. In other words, power is never omnipotent, with the subject impotent. The subject, though produced via practices, is never *determined* by them. This is perhaps one reason why Foucault insisted on the active and positive dimension to conceptions of power and stressed the dimension of choice and freedom as an aspect of being a subject within power relations. Choice may never be totally 'free choice', unconstrained, but choice is integral to our construction, via practices, as subjects – in the first place and last analysis.

'One must observe also that there cannot be relations of power unless the subjects are free. If one or the other were completely at the disposition of the other and became his thing, an object on which he can exercise an infinite and unlimited violence, there would not be relations of power. In order to exercise a relation of power, there must be on both sides at least a certain form of liberty.'

(Foucault, 1988:12; quoted in McNay, 1992: 67)

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That 'certain form of liberty' is an integral feature of the subjects observed in this study. They are not 'cultural dopes', even as they are not sovereign rational subjects. Instead they are both historically situated and reflexively aware. It is here that Hoskin's extension to Foucault's approach offers additional insight to the attempt to 'make sense' of such subjects as they 'do strategy' and/or act out strategic imperatives. Hoskin (1994) has suggested that an approach via practices needs particularly to focus on the key secondary practices through which we act and think as subjects, those involved in communicating, learning and valuing. Picking up on Foucault's identification of the

modern world as suffused by 'disciplinarity', he suggests that the distinctive modern forms of these practices are writing, examining and numerical grading, and that this is one particular reason why the age-old practice of accounting has gained such a prominence over the past century. Here he suggests generalising Derrida's paradoxical observation (1976) on the 'logic of the supplement', that certain secondary supplements (such as writing in relation to speech) become central, so that the supplement of writing supplants speech as the means to establishing truth and running the world (and the self). So more generally, the interplay of key secondary practices manifests the logic of the supplement.

'...to understand speech, we find ourselves investigating its apparent supplement, writing (*in* writing): but also, to understand knowledge, we may look at modes of learning and pedagogies: to understand texts, we look at their contexts and margins. (...) ...Now we would stipulate particular *kinds* of practices playing this secondary but central role: namely, those communicative practices which happen to shape modes of discourse at a given time, those pedagogic practices which similarly shape modes of learning (and 'learning to learn'), those counting and accounting practices which shape modes of measuring and valuing.'

(McLean and Hoskin, 1998: 520)

Here a special significance is accorded to the historically specific conjunction in the late eighteenth century of writing, examining and grading as the means through which humans learn (and thus learn to learn). This is seen as the break through which the modern obsession with disciplinarity is constituted, in the sense of the pursuit of disciplinary knowledge as much as in the exercise of disciplinary forms of power. It is this kind of double concern with disciplinarity which is taken up here, as appropriate to studying the way in which disciplinary expertise, as much as disciplinary control, is put to work in developing, executing and appraising strategy.



Now Hoskin is not alone in this kind of gloss on Foucault's work. Townley for instance has also observed the double aspect of disciplinarity today.

'For Foucault, it is disciplinary practices that make possible the 'disciplines' of accounting, personnel, engineering, management science. (...) ...An analysis of the 'how' of power, practices rather than intentions, allows for a recognition of the negative *and* the positive in *all* practices and an evaluation of their effects. Through this we can begin to understand the simultaneous production of empowerment and repression, commitment and control. An analysis of practices that bury deep, not only into social spaces but into the individual, their notions of individuality and integrity, is the only basis on which we can begin to consider, and seriously debate, the ethical issues involved in such practices.'

(Townley, 1998: 207)

Similarly in Starkey and McKinlay's view, Foucault's late work on practices offers two major thrusts for a critical organization theory – although note the (mis)definition of Foucault as a 'social' theorist and deconstructionist:

'Foucault's major contribution to social theory is his unrelenting attempt to deconstruct modern definitions of what it means to be a subject. ...the political manifests itself in an ethics of practice, in technologies of the self through which individuals and groups define themselves. Through these practices, individuals and groups embody forms of action that 'free' themselves from what they consider intolerable in their current situation and thus define their own new limits... (...) ...Foucault advises us to create a critical ontology of our selves, which should be conceived not as a theory, doctrine or an accumulating permanent body of knowledge but as ethical practices.

(Starkey and McKinlay, 1998: 238-9)

One could doubtless multiply such examples in the past few years.<sup>38</sup> But the main issue for this project is that there is now a way, drawing on this kind of theory of practices, to re-think what it is one is doing in undertaking an ethnographic study in an organizational setting. For the issue becomes: how far does what gets done and said by the subjects observed in the field study manifest the operation of the secondary practices identified as such central carriers of modern disciplinarity.

## On justifying an ethnographic approach

It is accurate therefore to describe my empirical research as an ethnography/social anthropology which holds in suspense many categories and concepts of the kind of conventional ethnography discussed above. While it is located within a business culture, which is informed by a sophisticated and elaborate business discourse, it is not

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<sup>38</sup> At the same time, there are still works circulating that misconstrue Foucault's project, either through a general distaste for this continental work (as in Merquior's contribution on Foucault to the Fontana Modern Masters series), or through ignoring the late work, even well after his death, in favour of earlier formulations. In one such example, Fairclough (1992) harks back to the *Archaeology of Knowledge* (1972) to make the case that Foucault fails as a theorist of practices. So he asserts that there is '*an absence of a concept of practice in Foucault's analyses, including the absence of text and textual analysis. By 'practice' I mean real instances of people doing or saying or writing things. Foucault (1972) does refer to practice, when he introduces the concept of 'discursive practice', but he defines it in a confusing way as 'rules' which underlie actual practice: a discursive practice is 'a system of anonymous, historical rules' (p.117). In other words, practice is being reduced to its converse, structures, using that term in the broad sense of the resources which underlie and are necessary for (as well as being a product of) practice. It appears to be always structures that are in focus, be it the rules of formation of Foucault (1972), or techniques such as the examination in Foucault (1979). Yet Foucault is of course claiming to talk about practice: his focus upon structures is intended to account for what can and does actually happen*' (Fairclough, 1992: 57). Why and how examination is a structure rather than a practice remains unexplained.

concerned, in its study of events and acts with uncovering certain structures or rules of management, in the sense of uncovering generalisations about such structures or rules. The only generalisation that it sees as derivable at such a level is a principle of difference (or perhaps difference) ensuring that in business no rules or structures are ever carved in stone. Nonetheless, this study remains within the ethnographic tradition in terms of the observational and participative methods of investigation followed. That therefore still requires me to comment upon my own multiple location, but in this case as subject who is himself a product of disciplinary practices, and who then enters into the narrative generated here both as actor within, and reflector upon, a web of such practices. On that issue, I am looking, as much as any other ethnographer, to present my approach in terms that are coherent and non-contradictory, adopting a stance that can justify itself on its own terms. These are the final issues that I wish to address in this chapter.

## ***Re-Posing the Critical Question of Generalisability***

To reiterate, the approach via practices and discourses looks to produce insights about the way in which secondary practices operate in an organisation and across its constituent units. It is through the shared if generally overlooked operation of such practices on and in individuals in those units that discursive regularities are generated, regularities that can be extrapolated to the experience of other individuals in other organisations, where the same practices are at work (albeit in different ways). So generalisability is to be looked for at the level of practices, not at the level of organisational structures or events. Such an approach remains justifiable if one posits the organisation as an unit of analysis. Then one will continue to look to discover regularities at the level of such conventional metaphysical constructs as 'the

organisation', 'the manager', 'strategic planning'. But that is not the case here, since such constructs are precisely what are for destabilisation, possibly even deconstruction, via the focus on practices.

Here perhaps one may recall Foucault's focus on the 'human sciences' as a field where traditional kinds of regularity are necessarily subverted because both the subject and object of analysis are subjects who are correlatively constituted as subject and object. More conventional treatments of generalisability tend at some point to evade the full implications of that reflexive problematic in favour of a solution that reintroduces the researcher as sovereign rational subject.

For instance, Schofield (1990) presents the question of generalisability as solvable through a three-dimensional *yet inherently realist* strategy. Looking at '*what is*' focuses attention on studying the typical, and performing multisite studies to gauge the extent of variations and uniformities. Examining '*what may be*' brings forth studies of the leading edge of change, probing factors likely to differentiate the present from the future, thus allowing consideration of the life cycle of a phenomenon. Finally, '*what could be*' looks at unusual sites, thus focusing on generalising from atypical to more typical ones, generating a more speculative type of insight, but one that potentially sheds light on future possibilities. Here the coverage is broad, but the posited viewer seems indistinguishable from the perspectively rational subject.

Hammersley (1992) distinguishes two types of generalisation strategies, labelling one as relevant and one as unrealistic. He defines 'empirical strategies' as those where '...generalisation from a study of a single case...to a larger population is a legitimate means of making ethnographic findings generally relevant.' (1992: 91). He distinguishes these from 'theoretical strategies' which appear to be those which are 'good in theory'. But '...if neither deterministic nor probabilistic laws are available, then attempts to



justify ethnographic work as a basis for theoretical inference do not seem to be realistic.' (1992: 93).

Hammersley's appears to be a slightly more complex realist thesis, as it rejects '*the existence of universal, deterministic, sociological laws*', but respects the '*general relevance of ethnographic studies in the case of both descriptions and explanations*.' (Hammersley, 1992: 93). Thus ethnographers can claim relevance for their findings beyond the local contexts of their particular studies. However, we still have to confront the problem of how 'the realistic' is known to be so, and how far the sovereign rational subject is again supplied as guarantee of that being knowable.

Donmoyer (1990) takes a rather different approach, which at one level is more in line with the Foucauldian one, as he attacks the concept of generalisability as being appropriate only to the natural sciences.

'Traditionally social scientists have viewed the social universe in a manner similar to the way physical scientists, before Einstein, viewed the physical universe: Both the physical and social world were thought to be places where lawful regularities existed between causes and effects. The role of research...was to discover and validate generalizations about these regularities.' (1990: 177)

But his point is that it is of limited relevance for the study of *individuals* in specific contexts.

'For policy makers who are interested only in aggregates, not individuals, and for whom questions of meaning and perspective have been resolved, the traditional notion of generalizability will do just fine.' (Donmoyer 1990: 197)

Thus his approach retains that dualism between the social and the individual which is now in question, for the subject as subject/object is not necessarily comprehended or comprehensible via this split, particularly not as organizational subject/object. So even this refusal of 'generalizability' retains a naturalist/realist (and thus dualistic) vision of ethnographic practice. It also forecloses on the possibility that one may want to retain some form of generalizability, but located at a non-traditional level, such as that of practices. So it is not clear that this form of revisionism achieves any great distance from traditional notions.

On the other hand, however, if the question of generalizability is not addressed at all, the danger is that ethnographic studies plunge back into relativism, or remain open to that charge, being purely concerned with the local and particular.

Some may be happy to accept that limitation. Knights (1995), for example, rejects the idea that his case study findings should be generalised, and instead explores how the management of IT in Pensco is *'first and foremost...a process of organizational and extra-organizational politics, responding to, and acting upon, perceived imperatives that are generated through, yet serve to reconstitute 'markets', 'technologies', and 'organizations' as socially constructed phenomena...'* (246). Hence his investigation is into a world which lies beneath the surface of positivistic models of independent and dependent variables, and is content to leave the case as having particularistic significance. However, while this avoids the hazard of extrapolating an easy totalising synthesis from case studies, treating them as 'atomic business situations' would seem to underplay the potential insight that can be derived from a Foucault-derived approach .

## ***Crisis of Representation/Legitimation***

There remain issues for resolution, for instance the extent to which turning experience into text, and engaging in the authorial role alongside that of recorder of, and participant in, that experience constitute a manageable and legitimate account. Here the status of 'text' in relation to the world, and of the subject as actor within the world, are two significant general problems. Concerning the first, under the approach here, the issue is not one of world versus text, nor of world as text, but of world which is context for texts, and therefore, as what is alongside ('con-') texts, as what is affected by them even as it affects them. In the 'grammatocentric' world, as pointed out above, we are formed in how we learn, think, act and speak by writing in multiple ways. Text is part of our world, seamlessly integrated into and means of reproduction and extension for, the grammatocentric culture of modernity. Concerning the subject as actor within the world as grammatocentric world, occupying what Foucault described as the 'author function' is again an integral activity. The disciplinary subject, having learned to learn via the practices of writing, examining and grading, is 'naturally' constituted as one who writes, alongside being one who acts in disciplinary ways (i.e. as vehicle of disciplined action and exponent of disciplinary expertise). Thus, at the level of practices, these difficulties dissolve. That, of course, does not end debate on these matters. A poststructuralist approach may suggest that there are crises of representation and legitimation to be confronted still. So for Denzin and Lincoln, the move away from scientism is a linguistic turn, with the following consequences.

'This linguistic turn makes problematic two key assumptions of qualitative research. The first is that qualitative researchers can directly capture lived experience. Such experience, it is now argued, is created in the social text written by the researcher. This is the representational crisis...

The second assumption makes the traditional criteria for evaluating and interpreting qualitative research problematic. This is the legitimation crisis. It involves a serious rethinking of such terms as validity, generalizability, and reliability... ...How are qualitative studies to be evaluated in the poststructural moment?

(Denzin and Lincoln 1994: 11)

Here (leaving aside the definition of text as 'social'), the linguistic turn is seen as bringing danger by moving away from 'realism'. So perhaps the resolution comes from resituating the ground of validity within the world of text (and so as text).

*'By the authority of the text we reference the claim any text makes to being accurate, true, and complete. Is a text, that is, faithful to the context and the individuals it is supposed to represent? Does the text have the right to assert that it is a report to the larger world that addresses not only the researcher's interests, but also the interests of those studied?'*

*'A poststructural interpretive social science...interprets validity as a text's call to authority and truth, and calls this version of validity epistemological. That is, a text's authority is established through recourse to a set of rules concerning knowledge, its production and representation. These rules...establish validity. Without validity there is no truth, and without truth there can be no trust in a text's claims to validity.'*

(Lincoln and Denzin 1994: 578)

The problem is that rules begin as text and are only rendered articulable and stable through circulating as text, therefore closing the circle of truth within text. So while it is no doubt the case that the writing of a text is an epistemological strategy in itself, that strategy and the role of the subject as author is not exhausted or properly defined within the textual frame. Or not unless that frame includes the world as necessary 'con'-text. The task must therefore be to attempt to understand the interplay between the ethnographic text and the social-historical position of the researcher (Atkinson and



Hammersley 1992: 13). This move must be beyond the text to the world and to the interplay with other subjects.

It has been noted, for example, that ethnographers' writing is a medium which draws on rhetorical strategies of other genres such as journalists or novelists (Atkinson and Hammersley 1992: 14). Thus such other subjects populate the ethnographic text (and become objects for identification within it). But more generally, this subject-object relation is a major issue for study in the 'new ethnography' essayed here. It is in play in the world studied, in the text of that world, and equally within the authoring of the text which derives from the experiencing of that world and not from the experience of that world alone. The wider personal history, and the tacit knowledge which is brought to bear on the business of doing research, are all aspects of the subject-object relation as constituted within the self, aspects which contribute to how one approaches generalisation. In this respect, Donmoyer's observation (though directed to extrapolating a different mode of generalisation) is precisely apposite.

'I believe I underwent a process similar to my son's when I moved from a Harlem school to schools with very different populations. The sort of generalization that characterized my movement from one school to another was not primarily mediated by working hypotheses transferred from one setting to the next. Rather, the mediating mechanisms are better characterized as cognitive structures that could only partially be coded into language and that, in fact, often functioned at the level of tacit knowledge.

It is important to note that when generalization is thought of in this way, the diversity between school settings becomes an asset rather than a liability: When diversity is dramatic, the knower is confronted by all sorts of novelty, which stimulates accomodation; consequently, the knower's cognitive structures become more integrated and differentiated; after novelty is confronted and accomodated, he or she can perceive more richly and, one hopes, act more intelligently.'

(Donmoyer 1990: 191)

If there was one 'environmental' change that was not directly 'part' of my research but which added an unanticipated diversity (or difference), it was at the end of my second year in my Doctorate, when I changed from UMIST in Manchester to Warwick Business School as my supervisor changed jobs. In the decision to move, there was far more than just a rationally planned process of transition. As I wrote in a subsequent article for the WBS Doctoral Newsletter:

...Despite my initial shock at the news, I very soon came to the realisation that there was only one possible decision – to make the move. Given the choice between keeping my supervisor or staying at the same university, my supervisor comes first!!! Once this became absolutely clear (about five hours later in a nearby bar), I very quickly rationalised the other factors involved to support this decision. Yes I was bored of Manchester anyway... going to a campus university would do a City Boy like me much good... change of scene is always beneficial... blah blah

....Being at Warwick now feels perfectly normal to me. But thinking back to that moment in my supervisor's office, I realise just how aberrant this apparent normality first seemed. Shit... what does that say about the rest of my life???

Formally, the experience of changing university would perhaps be captured through a weighing up of the pros and cons of both universities, an ex-post rationalisation process. It is this fake objectivity which I desired so strongly to avoid. I was far keener to provide a sense of how I felt at the time, underscoring the irrational and impulsive processes which surrounded my decision-making. The article reveals both me and my supervisor as subject-objects doubly involved in the oscillating process that I name as 'my decision-making'. By the end I had constructed WBS as a desirable place to research, thus re-affirming my identity as rational and pro-active *even as I struggled to erase the traces of my post-rationalising*. Tacit knowledge, it has long been recognised, is integrally involved in the explicit coherent narratives that we construct as explicit

knowledge. In ethnographies, particularly of the participant-observer type, the tacit is perhaps more likely to be brought systematically into awareness because the conventional/scientific boundaries between observer and observed are transgressed at so many points in, or in so many aspects of, the subject-object relation. So in general, as Altheide and Johnson put it:

'Good ethnographies display tacit knowledge. (...) Contextual, taken-for-granted, tacit knowledge plays a constitutive role in providing meaning. Social life is spatially and temporally ordered through experiences that cannot be reduced to spatial boundaries as numerous forms of communication attempt to do, especially those based on textual and linear metaphors. More specifically, experience is different from words and symbols about those experiences. (...) Good ethnographies reflect tacit knowledge, the largely unarticulated, contextual understanding that is often manifested in nods, silences, humor, and naughty nuances. (Altheide and Johnson, 1994: 492-493)

But if all this is true, in this kind of 'new ethnography' the tacit will always be on the brink of becoming explicit, whether from within the author's self-relationship as subject-object, or from beyond the authorial boundary. For the *very secondary practices* that are the object (subject) of generalisability here are themselves, in general, tacit. In this new ethnography, therefore, the whole task is to render the tacit explicit, to enable it to speak. So Altheide and Johnson's subsequent conclusion, that '...(b)y and large, tacit knowledge is nondiscursive, whereas textual and many other symbolic forms of communication are discursive' (1994: 493) comes into question. Ever since Michael Polanyi brought the idea of 'tacit knowing' into circulation in his *Personal Knowledge* (1958), it has, as a construct, moved from the nondiscursive into being part of discourse. Now in the historically specific discursive field of ethnographic research, the tacit circulates promiscuously. But then that is to be expected, discursively, as just one

more manifestation of how discursive regularities are never frozen, but always on the move.

## **Summary**

The objective of this study is to contribute to posing the question of generalisability at a *new level*, and one which will not degenerate, hopefully, into a totalising order of explanation. It is at this level which my thesis is methodologically poised, as it looks to redefine the conception and perception of the single case study as means to generalisation. As research text, as contribution to the discourse of research, it is capable of generating generalisation about disciplinarity and its effects on the strategy-accounting relation, since, as Hoskin (1999) argues, the case study is *in itself* a manifestation of disciplinarity. The practices of writing, grading and examining which are argued to operate so powerfully within the subject and the world are translated into the text as the means of its production as 'proper' research text. Since those practices are also so embedded in the business world in general, where they constitute the apparatus of Chandler's (1977) 'administrative coordination', this case study, as contribution to the 'new ethnography', is in a sense condemned to the generation of generalisation.

Such a case study is therefore not to be read as an atomised version of reality. At the same time, it is not generating generalisations at the level of 'the organisation', about organisations-as-such, which could be generalisable to a whole *population* of organisations. Instead it sees how what is so comfortably seen within a certain dominant form of social/human science as a population is a series of sites where



difference plays out. In this respect, Chia's desire to reconstruct through deconstruction is exemplary.

'Postmodern thinking epitomizes the insistence on moving inexorably upstream as to problematize self-evident (black-boxed) evocative terms such as 'reality', 'truth', 'knowledge', 'representation' and 'organization' with a view to situating these terms differently and to thereby reveal their constitutive nature in shaping modernist discourse. ....Adopting an emergent and processual approach in social analysis enables us to avoid the problems of reification of social entities such as 'individuals' and 'organizations' and, instead, directs our attention to the underlying organizing processes which create these effects that are then subsequently taken to be concrete existing entities in their own right. ....(W)e need to think of 'organizations' not as 'things' whose properties such as unity, identity, permanence and structure can be explored and described, but rather as loosely emergent sets of organizing rules which orient interactional behaviour in particular ways within a social collectivity.' (Chia 1996: 149-50) <sup>39</sup>

## Procedures of investigation

Finally, let me make it clear that doing what is hopefully a 'new ethnography' at the theoretical level, and at the level of its self-understanding, does not entail abandoning the procedural methods of ethnography. The study is instead part of the ongoing

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39 Warning: It appears, however, that there is a flaw in Chia's anti-dualistic writing as his work has the effect of creating an incommensurability thesis between representationalism and anti-representationalism, the clear beginnings of (yet) another dualism. And as Zen continues to teach us:

*'A monk in all seriousness asked Jōshū: "Does a dog have Buddha-nature, or not?" Jōshū retorted: "Mu!"'*  
(taken from Loy 1988: 205)

process in which researchers use existing instruments to focus in new ways on what humans do, say and think.

So I have used a primary focus on interviews, in which the object is to enable subjects to describe what they do and reflect upon it. I have complemented this with attendance at management meetings where possible, as well as spending non-interview time in the office. Part of this has been taken up, as participant, in undertaking work tasks, and being part of 'office life', which then leads to 'bumping into people' or going to their desks for a chat where the participant and observer/recorder roles intermingle.

The objectives have been to construct opportunities, more or less formal, through which people can speak, act and reflect on their office experience, but in particular with a focus on how strategy and accounting, whether apparently as separate or as somehow interlinked, enter into that experience. This has entailed constructing a schedule of questions around strategy and accounting, made up of questions both general/theoretical and specific to the company, as a means to digging deeper into specific issues while helping me to establish the limits of my knowledge of Teleco at a given moment, while also looking to discover or reveal more. One tactic I have utilised is to give hints that I already know what is going on in the organisation, drawing on prior interviews and information, thus establishing a level of shared understanding that enables subjects to 'open up more freely'. Given the theoretically-informed concern with making visible the tacit, it was these informal occasions which enabled me to develop credibility inside the organisation as I began to become familiar to those in Teleco, and therefore a more acceptable person with whom to share all forms of knowledge.

Concerning my approach to setting up and undertaking interviews, I drew on the principle articulated by Potter and Weatherall (1987: 160), that *'...(p)articipants' discourse or social texts are approached in their own right and not as a secondary route*

to things 'beyond' the text like attitudes, events or cognitive processes.' In order for the tacit to become visible, it was the 'talk itself' that had to remain the focus within the discursive interchange. As Potter and Weatherall continue:

'...interviews in discourse analysis differ from conventional interviews in three ways. First, variation in response is as important as consistency. Second, techniques which allow diversity rather than those which eliminate it are emphasized, resulting in more informal conversational exchanges and, third, interviewers are seen as active participants rather than like speaking questionnaires.' (Potter and Weatherall, 1987: 165)

As part of my approach, I emphasised letting the interviewee speak his or her own mind as far as possible, even digressing widely from the main topics of strategy or accounting practices to enable him/her to feel relaxed. In such digressive tactics, there is a certain level of dissimulation on the interviewer's part (just as there is in interchanges generally, and within business specifically), as a means to establishing a rapport and thus creating more potential for confidential or politically sensitive information to be released. Against the conventional focus on consistency, therefore, these interviews encouraged diversity, not least in the attempt to avoid the forceful categorising or pre-selection of discursive constructions.

Recording of interviews was undertaken whenever possible, and transcribed from the tape to the screen. Being aware, however, that the presence of a tape recorder can prejudice or shape discussion adversely for my purposes, as the interviewee would be overly careful with his or her opinions, I often made informal notes instead. Where the interview was treading on extremely sensitive ground, even note-taking activity would be stopped as a sign that the information was being treated as confidential. However, I would make notes on this as soon as the interview was completed.

'The idea that transcription is 'simply putting the words down on paper' is very far from reality. Transcription is a constructive and conventional activity. The transcriber is struggling to make clear decisions about what exactly is said, and then to represent those words in a conventional orthographic system...'

(Potter and Weatherall, 1987: 165)

Transcription is not only a very detailed process of listening and making sense of the pauses and omissions as well as concentrating on what is said, it is always 'after the event'. In circumstances like that just described, it may even be delayed beyond the event completely. It also changes in nature over time. At the beginning of the research project, I found it important to transcribe interviews in their completeness, as apparent irrelevancies were likely subsequently to prove non-irrelevant and even become part of key research questions as the project developed. Latterly, as research questions hardened and discursive regularities appeared, transcription became more selective, with digressions increasingly ignored. This was of course a 'subjective' decision, but one informed by the researcher's own increasing immersion in the project and Telecoms organisational world. Thus it was not capricious.

In addition, I supplemented interview material with collection of documents, reports, records, etc., wherever possible, not only to check on what I was being told but to replicate the immersion of employees in the variety of information sources available, on the grounds that this itself would shape discursive regularities. I would pick up such documentation in a range of ways, attending presentations, asking people directly for materials, going to published sources, extracting data (internal and external) from the Intranet. In this way I built up an archive of key documents for a range of departments within the organisation, helping me to develop a broader perspective across both the operating company and International.



In this way, I felt that I was able to establish not only discursive regularities but to build a picture of the similarities with other telecommunications firms, and the distinctive features of Teleco. Analysing industry magazines, (*e.g. Teledotcom*), business magazines (*e.g. Fortune*), analyst & stockbroker reports, conference proceedings, etc, helped significantly in this regard. The longitudinal nature of the study in itself enabled further validation through generating predictions and explanations which could then be checked and revised over time. In particular, the sustainability of certain practices and discursive regularities could be evaluated over time. One final distinctive feature of this process was the requirement put on me by successive Managing Directors to submit annual management reports. This was proposed as a condition of granting me access, and initially I was unsure whether I would be able to generate anything of value to the firm. However, the feedback was positive, and one consequence over time was the production of a set of texts that would not otherwise have been produced, but which provided me with a distinctive set of authorial reflections on the work I was doing. As such, it proved an invaluable part of the 'evidential loop'.

Thus armed, theoretically and with a set of working practices, I was prepared to work through the experience of fieldwork.

## ***Appendix***

Finally, to underline the historicity of this project, I feel it would be helpful to provide an idea of how my research questions developed and shifted over time. In 1997, during my MSc, I was interested in questions based around the concept of strategic control. I defined this for management as follows:

'Strategic control refers to the formal and informal systems of accountability existing within the organisation, which co-determine the correlation between performance and strategy. Formal systems include budgets and management compensation schemes. Informal systems are social factors, such as culture and group pressures, which form an intangible counterpart.'

My quest at this point was to uncover the practices of accountability which formed the strategic control within Teleco, without necessarily seeing the significance of accounting practices as central to accountability.

In 1998, I expanded this to focus more on the interactions of strategy and accounting practice. My questions were now based around the following headings that I set down.

- Strategy & Planning - so how far can strategy be accounted for?
- Strategic Control - so how far should strategy be accounted for?
- Department – so how far is strategy accounted for?
- Personal level
- Contacts & research opportunities
- What is the strategy of the different departments?'

In 1999, as my research began to explore the extent to which strategy operated to have effects both as presence and as absence and the role of accounting practices within this double interaction, I prepared a set of working hypotheses and predictions for the coming year.

### Working Hypotheses

- Strategy within the International/Global perspective is a dyadic, capital-centered discourse which presumes to affect both internal and external control using financial numbers. Power and knowledge revolve around the careful distribution of performance targets which are kept separate from their strategic rationale.
- Strategy within the UK opco is discursively denied/scorned/despised (perhaps jealously seen as a top management-*only* practice) as practices of accountability remain fragmented and activity is re-active.
- Accounting acts to enforce an exclusion whereby only merger and acquisition activity or director-level directives are perceived as strategic, and centralised control of resource derives from the logic of its discourse. Conversely, the inclusive power of the numbers directs the opco towards an autonomous identity.

### Predictions

- As the need for clearer and more controlled business processes becomes apparent, practices of measurement and discourses of shareholder value infiltrate organising. Accounting once again emerges hand-in-hand with strategy *except* critically this is now experienced at a variety of management levels.
- The exclusivity of the strategy discourse thus implodes as employees buy-into the wider availability of accounting practices, made visible and attainable through a discourse of accountability.'

## (IV) Empirical Study

### Introduction

'The point of Hoskin and Macve's analysis is to reveal the power of accounting as 'grammatocentric organization' to create a specific form of knowledge (knowledge-power) which subjects individuals to a fixed and determinate visibility. (...)

However, these studies lack the deconstructive cast that Derrida brings to the analysis of writing, and without this they are liable to give the impression that the formalized writing of the professional is firmly founded and largely unproblematic'

(Cooper 1989: 500)

In writing this chapter, I begin from a certain suspicion of an over-linear structuring of the events that occurred. This is not just in Burrell's sense (1998, p135) that '*(l)inearity kills*'. I also have a particular concern over how to preserve the difference in the voices with which I necessarily speak within an empirical chapter – not just as narrator after the event, but also as subject involved in the events in two ways, i.e. as actor participating in them and as researcher recording and reflecting on them. Preserving the right of each voice to speak, while avoiding a simple relativism where each is supposedly equal is what concerns me here. The narrative voice must carry a certain priority through coming chronologically last. Yet it must so far as possible be restrained from drowning out those earlier voices, or explaining them away. Hence a certain linearity of time is inescapable, reinforced by the linear nature of textual narrative. At the same time (sic!), a heedless linearity needs to be resisted. First, within a complex and geographically dispersed organization, people are not necessarily in 'the same time all the time' in any event. There are always lags and gaps in what people know and when. The smooth image of change as 'evolving', which fits so neatly with the linear flow of textual narrative, erases or denies that temporal fragmentation. It equally runs the



risk of collapsing the multiple locations occupied by the researcher/author into a seeming unity. Thus if linearity does not exactly kill, it too easily defaces and displaces what happened and how. In such ways, perhaps, the pressure to derive a generalised model or conclusion from case study data can lead to a loss of general applicability through erasing the local and specific. .

This is perhaps one methodological concern that can be raised over Smith and Zeithaml's recent study, *'Contemporary International Expansion Processes of the Regional Bell Operating Companies'* (1999). They are analysing a very similar topic to mine, and the beauty of their research, at least from their point of view, is the way the complex dimensions of strategy practice can be captured within a three phase model, as evolving over time. They are able to derive, via their evolutionary approach, an 'interactive' analysis wherein over time, the processes they observed became, firstly, more strategic and secondly, more costly. As such, the relationship between strategy and accounting follows a logic of mutual dependence. During Phases 1 and 2 of their model, *Opportunism and Experimentation* and *Growth and Commitment*, while a general direction '*to become a global player*' was made clear, '*a strategy had not been identified*' (1999: 60). This is, within the analysis, inextricably tied to the level of spending, which while growing, remained low. But in Phase 3, *Strategic Growth*, '*[a]fter a large deal had given them more than \$1bn in international commitments, top managers broke the trajectory of frenzied deal making, surveyed their current commitments and, with some input by international managers, identified a strategy.*' (1999: 60). Hence, strategy and accounting walk hand-in-hand, side-by-side, in what may appear as an 'evolution'. If one were to posit such a logic, the evolution is presumably towards an ever more costly but rational planning regime (beyond which would lie a continuing future of more accounting and more strategy, in a mutual and generally positive reinforcement of these two key forms of modernist reason).

Against the approach of Smith and Zeithaml, I wished to highlight the interpenetration of events within my case study, creating a more temporally and contextually sensitive picture of strategy and accounting within Teleco. I therefore begin with some more detailed reflections on the way that various voices get to speak in the context of my ethnography. This I see as necessary in order to enable my data to realise my theoretical concern of seeing how far accounting and strategy intertwine as mutually constitutive, thereby promoting their conjoint study as fruitful both in a theoretical and practical way.

As discussed in the Methodology chapter, in terms of the subject as object, the question of how to be self-reflexive as a participant observer has been variously posed, with particular concern about avoiding the realist trap posed by forms of naturalistic and unreflexive ethnography (c.f. Hammersley 1992). But the counter-tendency is to lapse too easily into an infinitely regressive but self-defeating relativism, where no voice is supposedly privileged, but where in consequence either solipsism, or some kind of deauthored narrative voice, reigns. [These are perhaps two versions of the same thing.]

My proposal, grounded in my post-Foucauldian approach, is to attempt to articulate this narrative, recognising that I speak, or write, as a situated individual, who comes to the task of writing with prior ideas and beliefs, and who has, across time, occupied various roles or identities in the process of doing, and reflecting on, this research. I write as one who has been continually learning and revising his ideas along the way, yet who has by the point of writing amassed an archive of materials which implicates me in different ways, under the guise of these various identities. So I have been variously student and researcher of, and contributor to, what gets said and done in the names of strategy and accounting. I therefore suggest that I now come to the event of 'writing-up' my empirical data as some kind of 'change-master'. For I am as author, in the action of narrating, via my narrative voice, producer of a narrative that, in mastering the mass of

data collected, changes it. The data is given status as a 'data set' through the act of exception and exclusion; it obtains a previously invisible coherence not so much through theorising as an 'act', but through the excisions and decisions that are imposed on the data through beginning to turn it into narrative. The authoring of the narrative in turn affects what gets articulated as theory (and not just as 'evidence'), through this Janus-faced process of exclusion and inclusion. In such ways the process of narrating, and the narrative voice, are privileged in a crucial way (but not be it noted through the sovereign act of 'theorising', for that is itself only one thing that 'falls out' from the narrative practice). But then, what becomes equally important is maintaining a proper status and place for the other voices carried along within the narrative.

Enabling multiple voices to speak through but therefore also beyond the narrative voice has a major methodological importance here. Where an objectivist stance can too easily decline into a kind of 'god's eye' narrative, delivered by an '*omniscient narrator*', following Hatch (1996: 367), I hope to promote a narrative that recognizes how the story being told from out of the data set is '*both subjective and objective as well as reflexive and nonreflexive, and treats the boundaries between these positions as penetrable.*' It is through this *way of telling* that I wish my *way of seeing* to be reflected, hence building a bridge between my epistemological position and narrative style.

This empirical part of the thesis traces the events that I experienced over the period of 1997-2000 within the U.K. based part of a global telecommunications company, Teleco<sup>40</sup>. For narrative coherence, it has been split into three, not necessarily chronological chapters. The first, Apr-May 1997: the U.S. and the U.K., traces my beginnings at the tip of the U.K. operating company ('opco' for short), the Sales department. Discovering very quickly the sales-led nature of Teleco, I was thrown

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<sup>40</sup> All names used within this thesis are pseudonyms to disguise the identities of those involved.



simultaneously to the core of U.K. strategy practice , while at the same time being personally marginalised by my lack of contacts within the wider, non-sales departments. At this time, a large merger was being undertaken, throwing the sales department into apparent disarray. This chapter focuses, however, on pre-merger practices still very much in evidence within opco discourses, attempting to excavate interactions of accounting and strategy which pre-existed the beginning of my study.

The second, May 1997-October 1999: the Rise of International, begins from practices emerging during May 1997, being perceived by interviewees as stemming from the merger. Extending my study into 1998/99, I then entered the broader opco functions to find that strategy implementation was structured around the practice of a revenue target. The clarity of this was being clouded by the rise of an International overlay function (covering Europe and Asia). I focus here on observations of International as they began to practice strategy by taking over the accounting practices of target-setting, thus precipitating the removal of the 'doing' of strategy from the opco, without wholly erasing existing strategy-related practices and discourse. Thus both opco and International began to experience strategy in a new way as both presences and absences, as something done both here and elsewhere (though more elsewhere for opco). So observations in both opco and International are incorporated here, to attempt to give a more two-sided account of International's rise, i.e. in terms of strategy as both presence and absence. The culmination of this study of International activity was when I experienced strategy-making first hand as I finally became an insider to the strategy process, joining International Strategy on two detailed participant observation projects in Summer 1999.

The final chapter, Jan 1999-May 2000: Structural Changes in the Opco, sees me return to a focus on the opco, viewing how U.K. employees attempted to solve the problem of strategy absence through a new focus on measurement practices. Marketing embraced



Sales-type hard accountability objectives. I then watched the increasing relevance of other numbers, e.g. the Comparative Performance Indicators generated by OFTEL (the U.K.'s telecommunications regulatory body), to certain parts of opco management, and the decreasing focus by the areas run by such management on the corporate target of revenue numbers. This divergent and potentially dysfunctional measurement obsession was then complicated (and made still more potentially dysfunctional) by a growth in senior management's awareness concerning the problems posed in attempting to measure revenue. In part because of the endemic accounting problem over the timing of revenue recognition, there was a range of target-hitting and revenue-smoothing games played within sales, which were seen as seriously affecting the validity of revenue measurement figures. This awareness led management to establish a new department, Business Analysis, to 'solve' the revenue problem. But this department was therefore a solution to what was increasingly the wrong problem, since management failed to notice how far many parts of the organisation were *no longer keying on revenue* as the important measurement for them. As I was then personally involved in the planning of a Balanced Scorecard performance measurement system and so involved in the capture of financial and non-financial performance measures, , I was able to observe this *strategic use* being made of accounting practices within the UK opco, and the extent to which the opco therefore got *back into strategy* even in its absence.

I begin, however, with an introduction to practices within the telecommunications industry as well as the background of Teleco within that. To enable the reader to trace my odyssey through Teleco, I also present a diagram of my chronological path through the various departments, from 1997-2000.

# Practices of the telecommunications industry

Telecommunications has historically been a thoroughly monopolised environment, exhibiting a perceived stability in both markets and competitors. Widespread deregulation, and a combination of incremental and discontinuous advances in communication technologies have revoked a perceived stability in both markets and competitors, as monopolies have been uprooted and competition intensified. Being instrumental in the perpetuation of information networks, telecommunications is perceived as especially characterised by an indeterminacy in its boundaries, precariously perched amidst a '*simultaneously converging and disintegrating*' (Hamel and Prahalad, 1994: 41) collection of other digital industries (e.g. computer software and hardware, broadcasting). It therefore appears to have become accepted by industry watchers (non-academic) that the concrete analysis of strategy is increasingly fraught with impossibility. When the very boundaries of an industry are so visibly subject to change, Porterian discussions of sustainable competitive advantage are treated with scepticism within business magazines and analyst reports. Tracing the development of this discourse over the past few years, I have seen a consensus emerging in the analysis of strategy. This unashamedly places accounting at the forefront of the judgement of success, even as the instability of accounting as predictor is accepted. For, as Castells has observed:

'Financial capital, acting directly through financial institutions or indirectly through the dynamics of stock exchange markets, conditions the fate of high-technology industries. On the other hand, technology and information are decisive tools in generating profits and in appropriating market shares.'

(Castells, 1996: 472-473)

Stock market pressures have been constituted as a systemic feature of contemporary capitalism, and the very existence of many contemporary ('up-start') telecommunications organisations is exemplary of the creative vitality of capital flows. Births as well as continued expansions rely heavily on both capital and stock markets, this *eternal becoming* characterising so well this high-technology industry, with CEOs playing the public game of disclosures and guidance to finance investments and acquisitions. As the Castells quote indicates, the survival of capital is inextricably tied to the survival of high-technology industries, their continued existence being *mutually* dependent. This may explain the almost fevered praise lavished, during some periods at least, onto the telecommunications industry by stock market analysts. Their (implicit) awareness of the productive relationship between capital and technology has helped ensure that the funds have continued to flow during 1997-2000, enabling the expansion of capitalism, even as worries have increased during the latter months of this period, over the sustainability of this 'new economy' of Technology, Media and Telecommunications (TMT) companies.

A recent column in *The Guardian's* Finance section offers one example of the frankness now being displayed within the stock market over the shifting nature of value within the U.K. telecom sector:

"This could be the year of reckoning", one analyst warned privately yesterday. "After two extremely strong years for telecom stocks some valuations are looking dangerously high and the truth is with some of the newer companies no one really knows what they should be."

(Teather, 2000: 26)

While at any given moment such doom-saying may prove to be whistling in the dark, the apparent separation between new and old economies is one which has raised

serious questions over the valuation of companies. While old economy stocks have continued to be primarily valued on their price/earnings ratios, new economy stocks have been valued more on non-earnings bases, looking into revenue growth figures, numbers of customers, or other approximations to future growth. Within the stock market, the role of accounting practices has therefore become more visibly complex, acting to create as well as measure success. The new/old economy distinction may not be a clear or stable one, but it is indicative of the differing bases on which success can be achieved. On the one hand, success is something to be measured *through* these instruments. However, on the other, in the case of the 'new economy', it can be seen that success is also *created* through them, particularly since they are so central to the construction of stock market discourse which disseminated and circulated between the business press, investment analysts and senior management *as they discuss the strategy of a given telecoms company*. While this way of seeing may have originated from within a United States context, still as telecommunications networks have become increasingly transnational, this preoccupation with financial performance figures has spread throughout the Western world.

What is fascinating, therefore, from an accounting standpoint, is how far the base upon which the circulation of capital rests, in these highly developed markets, is both *calculative* and yet fundamentally indeterminate. The truism about accounting giving you whatever valuation you want is regularly borne out by the fluctuations in value of telecommunications companies, where following investor or market trends becomes more important than predicting any kind of 'fundamental' value. Thus, the study of accounting practice as *constitutive* of any would-be successful strategy becomes of major significance within both business and academic discourse.



'The strategies associated with finance control are not necessarily profit-maximizing, but rather those which financiers have managed to promote as the accepted way of doing business in American culture.'

(Whittington, 1993: 118)

Whittington can now be interpreted (and extended) by arguing that accounting and strategy exhibit practices that are mutually constitutive. Conventionally of course, in the telecommunications industry as in others, strategy is viewed as coming first, creating an overview knowledge about the company's intentions, and one that can be viewed optimistically or pessimistically. Accounting then comes second, as the means of quantifying the previously stated strategy. Meeting or failing to meet targets is then the sign whether the strategy is right or wrong. However, this ignores the way accounting itself can subsume strategic intent. The achievement of financial performance, being itself a sign of success, becomes the *primary* sign that strategy exists and works. The supplement therefore becomes central, constituting a strategy as successful over and above any alternative judgement on its effectiveness.

Now, at one level, this is just a specific version of a general measurement phenomenon in modern corporate management, where 'you get what you measure' and where managing by the numbers becomes the means both of coordinating and rationalising management action. The measuring of success is therefore going to be seen in a general way as integral to strategic discourse, a constructed 'need' which enables corporate activity to be graded in terms of varying degrees of success (c.f. Knights and Morgan, 1991: 263). But there is a *specific* significance to accounting measurement given the centrality of valuation to the measurement of strategic success (c.f. Ezzamel, Hoskin & Macve, 1990). It is typically the level of *accounting-derived* measured success which drives investors and analysts to favour a company in making investment choices, and so to help drive up the stock price and re-affirm management's 'right' to be in control.

The stock price thus continues to be a self-fulfilling measure of management ability. As the recent Vodafone-Mannesman and AOL-Time Warner deals both confirm, stock prices are highly instrumental in the carrying out of strategic intentions. High stock prices affirm management prowess, at the same time enabling this prowess to continue to be demonstrated through a strategy of acquisition. In the first of these cases, Vodafone were able to promise a higher stock swap value in the merged entity than Mannesman could offer through its own achievement. In the second, AOL, riding the wave of the Internet, consolidated their stratospheric valuation through the merger with (purchase of) a major 'old-world' entity.

It is at such moments that the indeterminate (and two-way) relation between strategy and accounting becomes more clear. Accounting-derived projections of present and future value in general define strategies as successful. In a fast-changing world like telecoms, where mould-breaking is seen as the most effective and fashionable type of strategy, the indeterminacy of accounting numbers and of the particular type of accounting-based valuation chosen makes it increasingly difficult to evaluate, in any *accounting-independent way*, exactly what a type of strategy is saying, let alone how effective it will be. At the same time, this double indeterminacy is likely to reinforce the principle that strategy is essential, while doing nothing to undermine the perception that a high stock price is the result of *effective* planning.

This, I suggest, is a major reason why, as Knights & Morgan have suggested: '(m)istakes and failures are relegated to the status of minor tactics and attributed to weaknesses in the organisation that can only be eradicated by invoking the discourse and practice of strategy' (Knights and Morgan, 1990: 480). Through a better understanding of the

centrality of the accounting supplement, we can begin to appreciate better just how this hierarchy of success over failure has been naturalised within strategy.

As a demonstration of how accounting value forms the bottom-line of strategy, as a kind of 'final judgement' by the business world on whether strategy is leading the company in the right direction, I would refer to a 1998 article in *Business Week*. This presented an 'Investment Scoreboard', detailing a variety of ratios which attempt to capture the value of major U.S. organisations. If this in itself is unremarkable in our calculating accounting world, what really struck me was the way the article concluded:

'Remember that the information in the tables and the Scoreboard should be the starting point of your research, not the end of it. But analyze the numbers; while you might invest in a company that has a good story, it's the numbers that will ultimately determine whether that story has a happy ending.' (Jespersen, Dec 28 1998: 87)

The corollary is that figures can equally sound the death knoll for corporate management, presenting a strategy (or its execution) as having failed to achieve promised performance. Yet clearly, as Knights and Morgan point out (*e.g.* 1990, 1991), discourses of strategy are set up to privilege success over failure:

'Failure can be explained away because some factor was insufficiently appreciated, but now it has become incorporated in the next round of business planning and so we can look forward to the future with confidence.' (Knights and Morgan, 1991: 263).

Hence it is not strategy itself which failed in principle. It is the particular *application* of the principle which was faulty, leaving open the possibility that this can be rectified in the future.

Accounting practice plays a double role, being critical in the constitution of both success and failure, even as strategy discourse downplays the likelihood of failure and talks up the aura of success.

But accounting practice arguably has a further effect through its creation, as metric, of an apparent distinction between measurability and value. Value is the 'Holy Grail' of investment analysis, being tied inextricably to long-term success. This is more and other than simply market value, which is 'impure', being too affected by short-term fluctuations. 'Pure' valuing attempts to get to grips with the fundamentals of a company, and to value for the long-term (e.g. defined as discounted net future cash flows) and thus to translate into gains for analysts and investors who can locate and define imperfections in market valuations. This 'pure valuing' is therefore conceptually distinct from the kinds of measurability which are directly derived from market values, *e.g.* by enabling approximations to be calculated from such values using various ratios. The paradox of course is that there is no simple opposition between the two sides of this equation. Impure valuing is in a sense 'pure' because it is grounded in a more purely 'market' transactionality, being extrapolable from some direct and current supply/demand relation. Pure valuing is impure insofar as it introduces a greater dependence on accounting-dependent numbers and projections, including the future cash flows and the appropriate rate for discounting them. And both valuing, in practice, carry within them estimates derived from past, as well as future, accountings of performance. Value-in-general is thus in a certain respect accounting practice *hardened* to such a degree that it takes on the appearance of a characteristic that is intrinsic to the corporation.



Certain distinctions between different forms of 'valuing' may not therefore be as fundamental as they are often taken to be. Currently in telecoms, value is being appraised through a combination of sector growth and peer-group performance, as analysts move away from earnings as a measure of value. Thus, conventional 'fundamental' evaluation, *i.e.* through price/earnings ratios, is being discarded. But, from the perspective adopted here, this is to discard an 'old-world' accounting model of profit-maximisation as the means to 'pure valuing', and replace it, for this 'new-world' hi-technology industry, with a model of pure valuing focused on revenue growth, deferring the concern with earnings until some later (as yet unspecified) date. But this is equally measured through accounting. In the last analysis, then, success remains inconceivable (because unmeasurable) without accounting, and financial performance as measured via accounting or accounting-based derivatives (e.g. the various forms of 'value added' measurement) continues to form the bottom-line of strategic activity.

This is not infrequently a cause for concern to commentators, or worse:

"Most people focus on what's measurable, not on how value gets created, and that's a dead end." (Colvin, 1999: 168)

This is a Chief Financial Officer, critiquing the way that he sees measurability standing in the way of real value. But the CFO thereby leaves open the question of how value itself is measured, thus overlooking the centrality of accounting to strategy, even as he reinforces it. This is one of the key paradoxes concerning accounting's power in relation to strategy. At one level, accounting is seen as diverting attention away from strategy or *value-creating* activities, but meanwhile, at the level of the practice of *doing strategy*, accounting is kept in place, a secondary practice that constantly proves to be central. In a sense this is acknowledged in statements like the above. But it tends to be seen as a counsel of despair, or a fatalistic recognition of 'the way things are'.

'...the simplest, most visible, most merciless measure of corporate success in the 1990s has become this one: Did you make your earnings last quarter?' (Fox, 1997: 77; quoted in Macintosh *et al*, 1997: 151)

'When it comes to judging any industry's health, the bottom line is exactly that – the bottom line. The communications industry is no different. Its health is measured in terms of past, current and projected revenue.' (Salak, 2000: 46)

The despair (when it is present) is perhaps out of a recognition that the representation of value has thus become identical with its object, as measurement is all. This of course means that the object can never be stable, for what is to be accounted *for*, as strategy, and how it is to be valued, via accounting, will both never be pre-given or fixed. Rational planning is thus destabilised from two directions: from without by the patterns of events and from within by the modes of measurement. In such a quandary, the ironic outcome is that the sole thing that remains invariant is the way that accounting practice *becomes* strategy discourse. So Fox in 1997 emphasises earnings, and Salak in 2000 underscores revenues. And further, whatever the 'bottom line' target chosen, analysts will be backing or critiquing corporate strategies on the basis of the numbers predicted and achieved. In such ways the tightness of the loop from accounting practice to strategy discourse is increasingly ratcheted up. Given then a backdrop of extreme perceived environmental uncertainty, accounting practice becomes the one 'sure' means to provide the reliability that more qualitative strategy statements omit.

Telecommunications is of course such an industry, and as such one where it has become the norm to see the route to value as being through growth (and thus globalisation) rather than earnings. This is not untypically seen as changing the paradigm of business, as in the following excerpt from the industry journal *tele.com*.

'For entrenched telecom providers, this will require creating an entirely new business model that thrusts them in the role of growth companies rather than value (or earnings) entities. This will not sit well with many shareholders. They originally bought giant telecom company stock based on its ability to deliver steady if unexceptional dividends and earnings growth. Nonetheless, the switch is necessary if these companies expect to be meaningful players. They need to develop a growth-driven mindset that provides powerful leverage on Wall Street. ....New providers, not surprisingly, often enjoy a big advantage here. Their shareholders have already bought into the growth concept, which often makes it possible for a hard-charging upstart to engineer a multibillion-dollar merger with an established giant.' (Bonocore, 1999: 60)

Still more recently Katz (2000: 23) discusses how conceptualisations of value are moving from price/earnings ratios to Peg, price-to-earnings growth and illustrates the shift in reality engineered through the case of Intel, the dominant global producer of semiconductors. A broker's report from Credit Suisse First Boston argues for a revaluation of Intel since, while during 1999 it significantly underperformed the Nasdaq (the technology stock market where it is listed), strong performance is expected in 2000. Katz's point is that this revaluation is not based on traditional earnings to price figures, even though, based on predicted earnings, Intel's p/e ratio will double that in force at the date of the report. Instead the focus is on Peg, as

'...(t)he dramatic growth in the technology and communications industries is encouraging analysts to make share price valuations based on sector growth and peer group performance, and research which recognises that investors cannot fight the ticker and must be taken seriously.' (Katz, 2000: 23)

Of course, in this new world, even being a 'new age business' is not an absolute. In the context of the expansion of stock-market trading with the coming of the Internet, and the growth of phenomena such as 'day trading', where individual investors can trade on-line using real-time stock prices and the information sources of the Internet, volatility becomes ever more of a given. Short-term share price growth arguably becomes even more necessary than it was just a few years ago when quarterly earnings figures were the ruling obsession of Wall Street analysts. In this context, telecoms become subject to the vagaries of being defined as 'fashion stocks', and during the recent 'Internet bubble' they began to look like 'old age' businesses when put alongside the perceived opportunities of Internet stocks. Even if, at the time of writing, the upside of the Internet bubble has been joined by a downside, the underlying volatility that accompanies being seen as a fashion stock remains. Such volatility forms the backdrop of my study of Teleco.

## ***Initial perceptions of Teleco***

It is the growth concept, I feel, that enabled Teleco to establish a strong reputation within the telecommunications industry as owning a strategy powerful enough to allow it to compete effectively within the global marketplace. At the same time, companies like Teleco were part of constituting this new model of shareholder value. Here value is achieved through capital growth rather than dividend yield, with the promise of future earnings being deferred in favour of using capital growth to finance investment for further return through growth. Such a model of using share price value as a source of capital has stimulated a seemingly virtuous cycle of value creation, which has led the market to subordinate the need for profit to the need for revenue.

As this has become a general strategy among telecommunications companies, the industry has become enveloped in a strategy discourse focussed around revenue



growth. Therefore for individual firms within the industry, the importance of meeting analyst expectations comes hand in hand with the importance of owning a competitive edge within the market that can sustain future expectations.

Turning to Teleco itself, its birth was at first of apparently little consequence, springing as it did from the messy mergers, acquisitions and divestitures which so characterised the post-monopoly U.S. telecoms environment. Within a few years, however, Teleco grew into a leading player on the stock exchange, through demonstrating high growth in share price and market share. Its particular strategy of expanding network capacity through purchase, lease or alliance was also validated as appropriate to highly competitive conditions. The niche of Teleco was in its ability to engineer products for its global business customers, packaging bare fibre into business services constituted as essential for organisations today. Growth was thus organic, through alliances as well as merger and acquisition activity, forming a complex mesh of 'internal' and 'external' growth.

Strategy therefore seemed clear. Or more specifically, the *external* strategy validated through accounting practices appeared clear. Competitive advantage through network coverage and technological edge was stated and constantly repeated. I was particularly interested, however, in the relationship between stating a strategy and realising a strategy. Teleco managed to sustain a clarity of strategy within the perceived turbulence of the telecommunications industry. Through the support of the continuous achievement of financial performance indicators, the *stated* strategy appeared to constitute the *realised* strategy as a success, as well as through the contextual truth of its position. The details of the realisation, *i.e.* the particular way customers were marketed and sold to across Europe, were not treated with the same importance in the financial press, however, as the results. In other words, the strategy seemed to be

evaluated both through accounting as well as within the conventional confines of its own discourse. The latter can best be described as a shifting yet normalising formation within which investors can appraise the validity of strategies, made specific through the context of organising global telecommunications. The sheer uncertainty surrounding the telecommunications industry has meant that this formation does not encourage detail, being confined instead to a mission statement type level.

Teleco's results demonstrated to the marketplace that the CEO had a tight control over a strong strategy. The strength of that strategy was, however, indeterminable without the 'proof' of the numbers. Against Mintzberg's argument, therefore, the boundaries between stated and realised strategies became blurred as a result of financial success. Within Teleco, the expansion into Europe was the stated strategy, through a mixture of careful network purchasing and leasing strategies, as well as mergers and alliances. This was realised through local-level strategies such as customer segmentation but at a stock market level, the practices of realisation were seen as far less important than the revenue growth achieved. As such the realised strategy itself became obscured (at least at this level).

This critical synopsis is drawn from an analyst or business magazine perspective, one which relies on knowledge propounded as relevant within their discourse. I have tried to unravel the play of accounting with strategy within the stock market. What becomes apparent is the very selective way in which this play unfolds. While the stated strategy is qualitative, the realised strategy is almost entirely quantitative. Neither, however, begin to explore the perceptions of strategy found within Teleco itself. As I moved in my position as observer from the outside to the inside, I was to discover that the external reality of Teleco bore little resemblance, in fact, to that found within. Reading Porter (1980, 1985), it appears that his discourse promotes a focus on both the external and

the internal workings of corporations. The demonstration of competitive advantage is a practice which has been accepted by the markets as a constituent of strategic success. The value chain is Porter's means of achieving and sustaining this competitive advantage, and there is a neat extrapolation of the external into the internal. It is clear that Porter sees the internal as indistinct from the external. In fact, the challenge he heralds is one of streamlining the internal into the external.

Coming into Teleco for the first time, I found myself in the middle of a most troublesome merger situation with Manumit. As a means of market dominance, the acquisition made *strategic sense* to stock market analysts, increasing both scope and scale. Within deregulating global markets, scope is viewed as critical to meeting the needs of Multi-National Corporations, currently the biggest spenders, and therefore the most important customer segment for any strategic directive. Hence, to the external viewer, the discourse of strategy was present, playing an important role in constructing and sustaining Teleco as a one-stop shop for telecoms products.

Having a clear strategy at this level did not, however, necessarily lead to a wider organisational, or internal, perception that a unitary strategy was actually in place, as the two merging organisations *and their respective strategies* had come from two quite different directions and traditions.

'Manumit's strategy was to build company value...not necessarily profit or contribution but company value. Teleco was driven by the US and was aiming at share value.'

(Jim, U.K. Marketing Director: April 1997 )

This raised for me the question of the role of the discourse of strategy. I found that the business press propagated generally similar views on the differences between Manumit and Teleco. Intriguingly, there appeared to be a clash in the stated strategies of the

companies. Teleco was, however, the acquirer, and at a CEO level at least, the aim of share value continued to be the formal aim. I was in the fortunate position of being able to watch how these differences would be translated into practices within the companies. Inside of Teleco, after the merger, what was striking was the scepticism whenever discussion turned to the subject of strategy, both as a vision and, perhaps more concretely, in terms of its *practices*. Rationalist concepts of planning and control were generally found to be unhelpful or inadequate for management practice, discursively excluding the pro-active generation of a strategy. Only at top management level could there be found an expressed desire for such practices. Processualist theories of strategy as emergent provide a more promising agenda, and yet it would be premature to fit Teleco into such models.



# Investigating Teleco

Taking the critical approach of viewing strategy as a changing set of discourses and practices (c.f. Knights and Morgan, 1991; also Hoskin, 1994) appeared to be the most appropriate way of acknowledging the chequered face of strategy within Teleco, thus enforcing a de-essentialised and more liberated notion of organising. But in addition my thesis differed from both the rational and processual schools of strategy in following Inkpen and Choudhury's (1995) call for a research question of strategic absence, to be investigated through the study of practices. While the critical school (c.f. Knights and Morgan 1991, 1995) is strong in its relinquishing of essentialism, their approach is not wholly embraced here, insofar as there has been little focus on the role of accounting practices within strategic discourse. In addition, using an analysis of strategy absence as well as presence potentially brings out intriguing new inconsistencies in strategy practice.

At the same time, the approach attempts to recognise the subjects who are the objects of its study as reasoning, reflective subjects, no different in this respect from the author. Far from being the 'cultural dopes' of some critical studies, I found my interviewees to be generally reflective on the work that they did, not in an academically informed way certainly, but still in ways that made me reflect in turn on how or how much theory adds to practical understanding. The approach was to take informant opinion *seriously*, not naively and unreflectively, within the context in which it was given – to a researcher investigating strategic management in the telecommunications industry.

Conducting interviews and spending time within Teleco, it took me over a year before I stumbled across the idea that perhaps I was framing both my research and interview questions in the wrong way. This was when I realised that I had been presuming the

presence of strategy, and thereby both naturalising and obscuring the full role of accounting within that, thereby re-committing the very 'crime' that my literature review had condemned. I had been too concerned with how strategy as presence had been formed, was communicated, and how it had evolved over time. Looking primarily at planning and control processes, I had been looking to discover the 'hidden depths' of Manumit, the underlying sense of coherence which drove the organisation's success. To prepare myself for my interviews in the Summer of 1998, for example, I had framed my inquiry into accounting practices within three loose categories – 'how far *can* strategy be accounted for?', 'how far *should* strategy be accounted for?', and 'how far *is* strategy accounted for?'. While these questions provided only a very sketchy outline of my ideas, especially in the context of the semi- to un-structured style of the interviews, they suddenly, as I 'saw things differently', served to epitomise my presupposition of strategy as pre-existing and thus discoverable 'presence'.

At first, as I felt something was awry in my conceptualisations, I was not able to articulate it in the way I have just done here, as my Field Notes reveal.

'Struggling at the moment to really keep focus on my ethnography. Most of it is slipping dramatically out of my mind - how the hell can I capture it? I now feel most disembodied as I am neither the 'telecoms researcher' nor the 'academic theorist' but in some netherland inbetween.'" (Field Notes, 1999; April 28)

I can now see this inability to compare and contrast the philosophical and existential discrepancies between them as a manifestation of a shift in my tacit level of knowing that had not yet surfaced discursively. I was in such a state of mental discomfort in part because of what I had begun to 'know' but did not yet 'know that I knew'. At the same time, there was another dimension to this quasi-schizophrenic state I was in. For there was a real difference in the ways in which I engaged in being a 'disciplinary

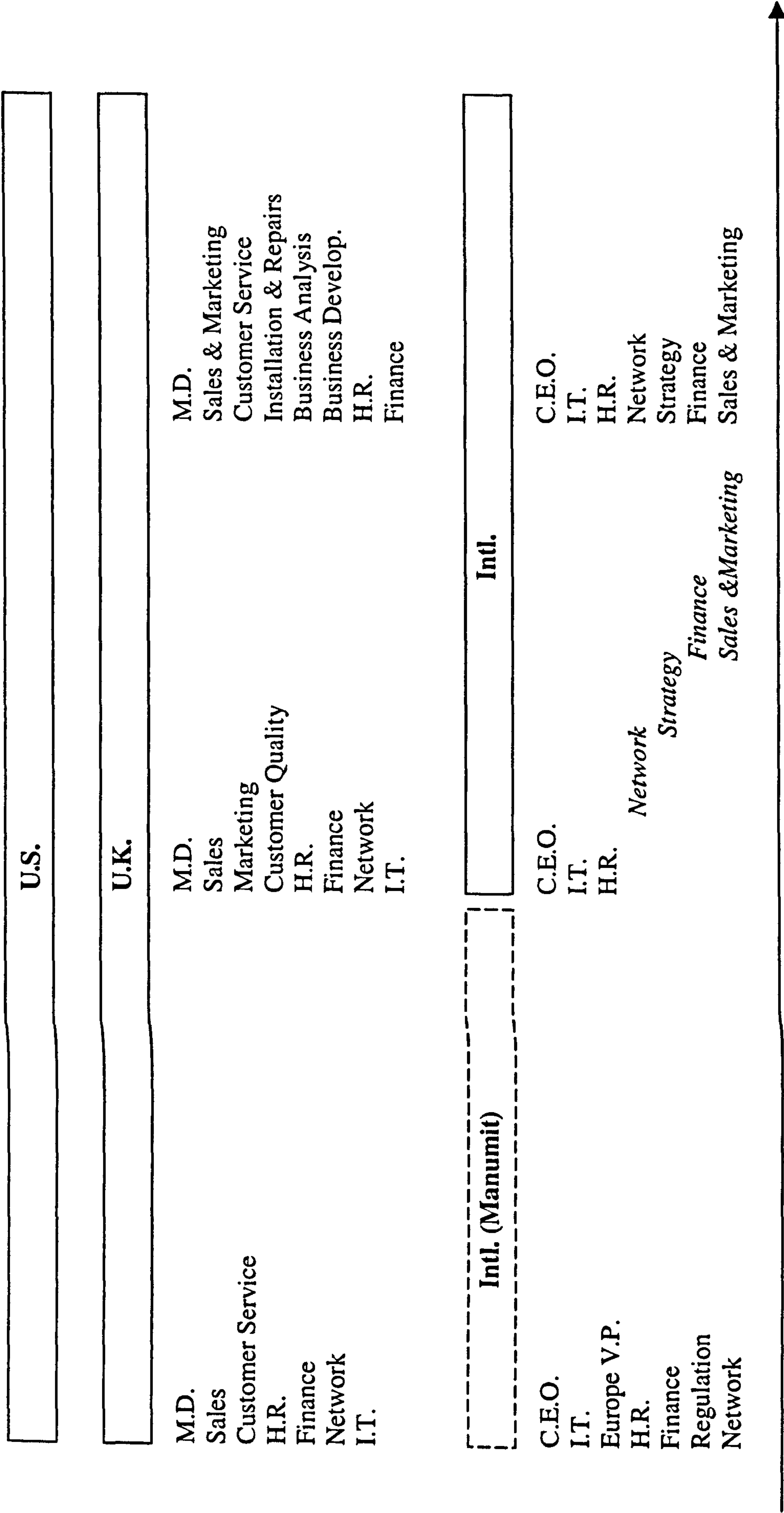
subject', in my respective academic and business 'subject positions'. As academic disciplinary subject, the practices to the fore were those involved in rigorous reflection, e.g. the critical examinational reading of events in the hope of deconstructing strategy (at first as presence, then as presence and absence). Meanwhile to fit into Teleco, I needed to prove myself as a disciplinary professional, a subject position where I undoubtedly drew upon my Chartered Accountancy training, in terms of exercising the application and demonstration first of accounting and financial expertise, and then of an appropriate self-discipline and professional self-presentation.. So, as Munro (1999) found during his ethnographic research: *'...I...moved constantly "in-between" the identity of researcher and that of a member.'* While doctoral research was the primary initial aim, once inside the company, corporate discourses began to make far more sense to me than academic-theoretical ones. I was reading business magazines and spending my time engaging with pragmatic aspects of business-focussed disciplinary practice. Perhaps it was inevitable or at least understandable that more abstract questions of the existence or otherwise of strategy tended to recede or escape me. Yet this is a question to which this empirical chapter will return more than once, as it attempts to articulate a theoretically-informed understanding which draws together the insights developed during direct practical experience with those derived from readings of the critical and other literatures.

The diagram below emphasises these movements in my position, as I crossed back and forth from student to researcher to strategist to theorist *and so on* between 1997 and 2000, variously enmeshed in constructing the respective subject positions. Perhaps unsurprisingly, I found that my interviewees conceptualised strategy in ways that differed from any of those I developed, given that they had less (or different) transitions to make. At the same time, their views varied in quite systematic ways, first depending where they were located within the different hierarchical levels but second also, critically, over time. This difference remains intriguing. For while the range of views

discovered across the levels may be explicable in terms of a lack of *communication* of strategy from higher to lower levels of organisation, the temporal variation may point to a more intriguing phenomenon, that of strategy being *centric*, making localised appearances and disappearances in accordance with particular enabling conditions and circumstances. There may be an interesting difference concealed here, with breakdowns in communication being a manifestation of a shared belief that strategy *must exist*, the quest that I would now see as ultimately misguided. The second type of phenomenon may manifest a more realistic relation to strategy by organisational subjects, insofar as it recognises, in a way that 'makes sense' to such subjects, strategy as absence.



INVESTIGATING TELECO: CHANGES IN ORGANISATIONAL STRUCTURE



INVESTIGATING TELECO: MY ETHNOGRAPHIC ROUTE

April	Oct	Jan	Oct	Jan	Oct	Jan	Detail
UMIST- MSc	UMIST 1 <sup>st</sup> yr PhD		WBS 2 <sup>nd</sup> yr PhD		London 3 <sup>rd</sup> yr PhD		Off-site Loc'n
2	1	2	7	1	6	4	Weeks on-site Interviews [directors in bold] U.S.
12	1	9	25	1	38	11	
M.D.	M.D.	2; 1 Sales	M.D.	M.D.	M.D.		U.K.
1; 6 Sales		1 Marketing	2 Sales		4; 4 Sales & Marketing		
1 H.R.		1 Customer	1; 1 Marketing		1; 6 Customer		
1 Finance		1 H.R.	1; 8 Customer		1; 3 Inst & Repairs		
1 Network		1 Finance	1; 1 H.R.		1; 1 Business Analysis		
1 I.T.		1 Network	2 Network		1 Business Develop		
		1 I.T.	4 I.T.		1; 3 Finance		
1 Customer [Manumit]							
			1; 1 Marketing		2; 1 I.T.		Intl
			1 Network		1 H.R.		
					1; 2 Network		
					1 Strategy		
					2; 1 Sales & Marketing		
					1; 10 Strategy		

1997

1998

1999

2000

Length of ethnography	3 years
Time spent on-site	23 weeks
No. of formal interviews	97
No. of interviews taped	62
No. of interviews transcribed	43
No. of meetings attended	8
In addition, there were many more informal chats in offices, corridors, lifts, restaurants and pubs, as well as emails, phone-calls and letters.	

*INVESTIGATING TELECO: SUMMARY STATISTICS*

Teleco	made up of: U.K. 'opco' or operating company International organisation U.S. parent
Manumit	Multi-national, U.S. based telecommunications company
Alpesh	Adviser to U.S. Chief Executive Officer
Noel	International Chief Executive Officer
Colin	U.K. Managing Director (1994-97)
Alex	U.K. Managing Director (1997-98)
Robert	U.K. Managing Director (1998-99)
Ian	U.K. Financial Controller
William	U.K. Finance Director
Michael	U.K. Sales Director
Gilbert	U.K. Wholesale Sales Director
Dennis	U.K. Retail Sales Director
Damien	U.K. Retail Sales Director
Simon	U.K. Sales Manager
George	U.K. Sales Manager
Martin	U.K. Sales Operations Manager
Don	U.K. Salesperson
Pete	U.K. Salesperson/Sales Manager
Rick	U.K. Salesperson
Jarvis	U.K. Sales Ops Analyst
Kate	U.K. Customer Service Director
Craig	U.K. Sales/Network Director
Kieron	U.K. Marketing Director
Anthony	International Marketing Director
Norris	U.K. Marketing Director
Jim	U.K. Marketing Director
Katz	U.K. Strategic Marketing Manager
Ruth	U.K. Customer Quality Manager
Rowen	International Network Vice President
Nicholas	Operations Director
Dave	U.K. Service Delivery Manager
Raj	U.K. Technical Service Manager
Kevin	U.K. Fault Manager
Tarkan	U.K. Customer Site Planer
Roger	International Network Manager
Marcus	International I.T. Director
Raymond	I.T. Director
Shan	International Vice-President of Strategy and Planning
Vincent	International Strategic Analyst
Ravi	International Director of Strategy and Planning
Barry	International Senior Strategy Manager
Lance	International Senior Strategy Manager
Demi	International Strategy Analyst





## **April-May 1997 – the ‘U.S.’ and the ‘U.K.’**

*It must be noted that my ethnography began in the midst of the emergence of International. Thus the situation of just the U.K. and U.S. and how they inter-related was constructed through discursive evidence that was part-historical and part-contemporary.*

April 1997 was the month I first entered Teleco, and my research soon cohered around the sales department of the pre-merger U.K. opco. There were a number of reasons for this, primarily concerning physical and personal access. My point of contact was Simon, a friend of my father's. Simon was a sales manager and had been with Teleco for 3 years. The majority of Teleco was based in one building, although engineers were spread around various hotspots in London. Through Simon, I found myself integrating naturally with the salesforce, the desk that I was allocated being within the office of sales management, and so my networking of research contacts began with sales.

I was at first concerned that my study would need to migrate outside of the space provided by Sales, even for the purposes of my MSc dissertation. Obtaining an organisational structure chart was the first step and this in itself proved extremely difficult. I was later to discover that the existence of 'up-to-date' charts was near-on impossible, the lack of relevance of paper representations of the organisation being discursively shared by management and their secretaries alike. My route around this frustration was to ask interviewees to construct their perceptions of how the U.K. was organised. This led to the breakdown provided in the previous section's diagram. To avoid the potential over-emphasis on Sales, I interviewed directors from all the major functions. And yet, the prominence of sales in the discourses of directors soon

convinced me that a focus on Sales for the purposed of my MSc was in fact the most sensible choice.

Within Sales, interviewees conceptualised success as *defined* through country autonomous targets as revenue growth, being communicated and enforced from the U.S. parent company. Their recollections of how this had arisen made me realise that this inscription had been re-affirmed yearly since Teleco's genesis, placing sales departments firmly at the 'front' of the organisation. As such, this coincided with the stock market's desire for revenue growth. The discourse of success drew on 4 years of achievement of revenue growth targets, creating a source of pride for those within the U.K. as well as a legitimation for their activities. Quickly, I found this focus on sales was not limited, as I initially expected, to the sales employees.

'The fact is, this is a growth company, and is 3-4000 miles away from head office. We're pretty much left to direct our own affairs with the handshake being that the numbers are where they need to be.'

(Colin, U.K. Managing Director (1994-1997): May 1997)

'GL: What is the role of budgets within Teleco?

Ian: The problem for 1997, budget revenues and operating costs... originally operating costs were budgeted to be 25% of revenue... The Americans have said we can't have 25%, we can only have 20%. I know this is impossible. [...] The U.S. will ask me to explain variances on a monthly basis and I'll say they are due to growth. They know we won't achieve the SG&As [Sales, General and Administrative expenses] that they want to impose on us.

GL: What other financial controls or restrictions do you face?

Ian: Other?? I don't see the operating cost limit as a restriction...

GL: What financial targets does your parent set?

Ian: None. They are trying to get us to grow as much as we can, at the same time achieving a low operating cost, which is difficult... impossible to achieve.'

(Interview with Ian, U.K. Finance Director: May 1997)

The above two excerpts from my interviews are indicative of higher-level management's acceptance and perpetration of revenue as the means of communication and thus negotiation with the parent, the U.S.. I became aware that the achievement of sales targets formed the front-line of Teleco's activities, being the most talked about and thus visible aspect of financial performance. While operating costs were important, the Finance Director was clear that growth formed the primary means of appeasing the U.S. parent.

Throughout this time, I was made aware of the importance of the on-going merger with Manumit. Sales management were extremely concerned as to the ways this would impact upon both their practices and their jobs. Sales was the first department to be integrated with that of Manumit. This, however, was far from resolved and in the writing of this section, I draw on interviewee perceptions in April 1997 of how Teleco practised strategy, in the context of the pre-merger Teleco as well as in the face of the forthcoming merger. Clearly, memories of the pre-merger days would be tainted by the fears the merger encouraged, and I treated answers with a certain degree of scepticism. My intention here is to begin to explore the ways in which the opco is discursively constructed, setting the scene for the later developments by exposing discourses of Teleco's historical practices, being concerned as to the multiple meanings of what organising inside of the opco meant for its members. Focusing on the difference between the opco and the U.S. help me to appreciate the practices which Teleco sales management were so proud of and were therefore so reluctant to relinquish to Manumit.

Higher-level management that I interviewed were adamant that the U.S. took financial and strategic decisions, this domain being constituted as separate from the U.K.



activity. Nobody made a claim that strategy at this level could be affected from within the U.K.. I was taken aback at this and as this sat uncomfortably, in my eyes, with the espoused opco management strategy of a '*flat organisation*'. It was the reconciliation of these two positions which was so productive in my empirical investigations. I discovered that higher-level plans were constructed financially, and revolved around the achievement of revenue figures. As such, these were effected in a top-down manner, with little scope available for localised input. These figures *had* to be achieved. And yet this appeared to form the limits of both planning and control directives issued by the U.S. to the U.K.

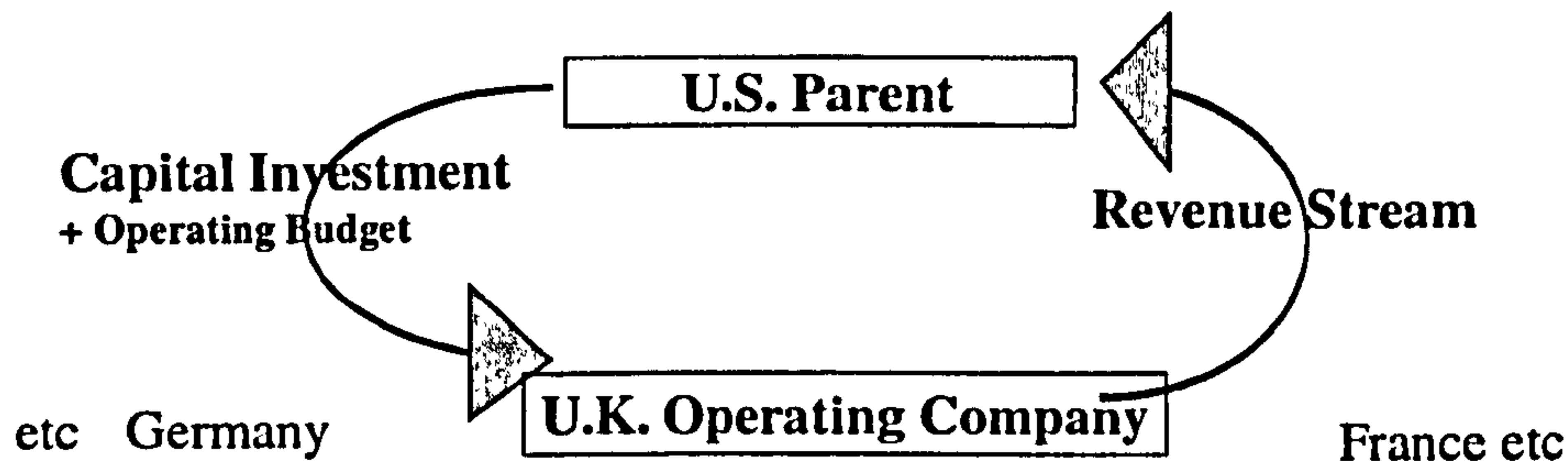
## ***Strategy through Financial Numbers***

While control practices were nominally effected on a P+L basis from the U.S., the discussion with Ian demonstrates how the importance of growth achievement was constituted as far surpassing the need to control operating expenses. Certain *externally-focused* accounting calculations were made hard and immutable (c.f. Munro, 1997) while other, more internally-focused numbers, were allowed to dissolve through a process of interpretation. Indeed, discussions with the senior management created the impression that the U.K. and U.S. were joined through a cycle of capital allocation and revenue generation. This appeared to be the primary mechanism of communication, producing a structure that was both visible and justifiable to the U.S. stock market. I began to conceptualise the U.S. perspective as exercising strategy *through* the numbers. The following diagram is my representation of how the opco directors talked to me about their relationship with the U.S..

1997/98

## Teleco - U.S. and U.K.

- U.S. Stock Market focused



- Autonomous
- Country specific targets

*TELECO (1997/98): REPRESENTATION OF RELATIONSHIP BETWEEN U.S. AND U.K.*

It is important to understand the role of the U.K. within the wider context of Teleco. The U.S. parent was growing fast in its domestic marketplace, building and consolidating its network reach through a combination of partnerships and purchases. Revenues were high, dwarfing those being achieved within Europe. At the same time, however, the importance of becoming a *global* operator was being constituted through business and stock analyst discourses as being a potentially critical *strategic* objective of any purported major telecommunications operator. Thus, establishing a presence in Europe's main cities was seen as important. What to do beyond that remained highly unclear. This appeared to manifest itself within Teleco through a lack of specific internal direction.

Piecing together the perceptions of the U.S. in the opco, I came to realise that there were very significant similarities with stock market practices, as espoused within analyst reports and business magazines. Control at a distance appeared to be manifested through the *very spectacles of the stock market*, satisfying U.S. Directors that their investment in the U.K. was sustainable. Strategy at this level appears to be defined through a cycle of stated strategy, financial expectations and results. I found that this intertwining of strategic intent and financials was characteristic of the mutuality of strategy and success. I was thus able to analyse the discursive construction of the opco from the twin perspectives of how Teleco communicated with external parties, such as analysts, as well as how the U.S. communicated with the U.K. What was fascinating to see the similarities which emerged, with financial numbers in both cases becoming the vehicle by which strategies could be built, appraised and communicated.

Within Teleco the circulation of *global* capital, however, appeared to specifically exclude the participation of top U.K. management. This was demonstrated most clearly through my questioning of their participation in the merger with Manumit.

'of course [we weren't consulted], not in terms of should we do this, shouldn't we. It was a financial and strategic decision.'

(Colin, U.K. M.D.: May 1997)

In terms of non-U.K. decisions, *strategic* decisions, Teleco displayed a hierarchical notion of structure<sup>41</sup> which meant that the merger with Manumit was always a decision which would be made entirely by the U.S., despite the ramifications for local operations.

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<sup>41</sup> Thus, the U.S. practice of financial control was one which constrained rather than enabled the organic development of the discourse of strategy within Teleco.

I found, therefore, that the financial numbers which were taken as delineating the success of the U.K. also formed the limits of the U.K.'s involvement in global strategy. What was intriguing was the double-effect of these practices, and it is ability of the limits to be enabling as well as constraining that I turn to next.

## ***Strategy within Financial Numbers***

As detailed earlier, the external strategy of Teleco was growth, a strategy which was interpreted internally as attracting a certain class of investor.

'The type of investor that we have had in the past were people who get in and get out and make a profit on the shares, not people who sit and wait for the dividends to come every year. So we looked for rapid growth, rapid expansion and generated share value. The view has been short term... all about growing and winning business now.'

(Jim, Marketing Director: April 1997)

The translation of the external strategy into internal practices is captured neatly in Jim's comments to me. As a Marketing Director within the U.K. opco, he was very well aware of the importance of shareholder value, in the context of the particular investor which Teleco attracted.

'Development of the network is... to support the revenue growth of the business.'

(Nicholas, Network Director: May 1997)

I spoke at length to Nicholas about the concerns facing the operation of the U.K. network. His concerns were clearly different to those of Jim's, being focused on the capital rather than the operating cost budgets available to him. The development of a technically advanced and customer-serving network was prominent in his discourse.



However where this most clearly joined with the other discourses of the directors was in his acceptance of the ultimate measure of his department's success: the revenue growth of the business.

Financial control had, however, a double effect which enables a paradoxical answer to the question of *who owned strategy*. The strength of U.K. performance, rationalised in terms of analysts, investors and reporters, appeared to be the means by which opco management contributed to the existence of a successful Teleco strategy. However, on analysing interviews further, this simultaneously created the conditions for the U.K. management to derive a sense of separation from the U.S.. Over time, achievement of financial indicators seemed to mean that interference from Head Office was kept to a minimum, being largely confined to discussion of capital and revenue, earnings and expenses. As Colin said to me, commenting on the difference between Teleco and Manumit:

'...Americans, as long as it's telephone, it's sensible and it means growth, would put a tick in the box.'

(Colin: May 1997)

Speaking to salespeople and management who were present at the entrepreneurial genesis of this U.K. subsidiary, I found they took pride in the way little else existed except for a sales department. A significant number still remained within Teleco, helping to sustain and nurture discursive practices on organising. This historical-cultural pressure was both stimulated and reinforced by the yearly legitimisation of success as *revenue-driven*, this being the route to capital allocation and thus survival.

'One of the nice things about working for Teleco when it was small was the ability to have a lot of self-determination. It was a free-wheeling and flexible environment....

The strategy process has always been very informal especially when we were smaller... communicated through day to day conversations and involvement on specific projects. This allowed identification of what the specific strategies of the business were....

With growth, we're now in the stage where we need to think about formalising the approach... the knowledge that is held within the directorship here is very great and whenever you get the opportunity to speak to them you suddenly see the clarity with which they see the task in hand and sometimes the lack of formal structures leads to this being diluted or not being as forcibly put to people because it happens on an 'on demand' basis.'

(Pete, salesperson: April 97)

My chat with Pete was most enlightening. As a fast growing company, managers did not feel that the establishment of procedures was important. With the rhetorical support of their continuing achievement of revenue targets, this constituted the success of their practices, further strengthened by the lack of U.S. intervention in these organisational issues. The control by the U.S. of 'strategic' decisions had been translated through the organisation and was interpreted within the Sales department, an area where U.S. control should have been most prominent, as an informal strategy process. I later realised that this was strong evidence as to the different meanings of strategy in different contexts. The 'strategy' talked about by Colin was different to the 'strategy' talked about by Pete. As a salesperson, Pete appeared to be constructing strategy as 'the ways in which financial targets would be achieved'. He alluded to an emergent model of strategy, one similar to Mintzberg's, and one distinctly at odds to that implied by external reports. Analysts were not describing Teleco's strategy as emergent. Quite the opposite was occurring. The external perception was that Teleco had initiated a daring strategy, the success of which was being substantiated by the financial results.

Pete's comments on the role of the directors is striking. It appears to indicate some kind of schism between practices at that level and those beneath. I felt compelled to conclude

that the directors and other 'top management' were not passing on a hierarchical notion of control, since the 'flatness' of the organisation seemed so celebrated at the local level.

'...one of the points about a flat organisation... you expect and rely on people to get their own shit done... so a lot of freedom is given...more experimentation...move forward by trial and error....'

(Colin, U.K. M.D.: May 1997)

'...the salesperson has total freedom. One of the things we do here is to have a very open and flexible organisation. There are no real disciplines... there are unspoken disciplines, you get in at a certain time, do an eight hour day, should go to sales meetings...find new opportunities...'

(Michael, U.K. Sales Director: May 1997)

Persisting from the early days, therefore, was a very informal organisational structure, circumscribed by a discourse of a flexible and *ad hoc* management process.

I found that the presence of accounting concepts within salesperson discourses was a taken-for-granted part of their everyday discourse. Talk of 'costs', 'margins' and 'revenues' formed the cornerstones of salesperson achievement and conflict, since these factors were seen as what led directly to the calculation of commission payment. This brought up a peculiar conjunction, in their discourses, of the subjectivity of *selling* with the objectivity of *accounting practice*. The measurement of a salesperson was through the numbers, demarcating the bottom line beneath which salespeople could not fall, establishing critical benchmarks for year-to-date and year-end targets. Meeting accounting-derived targets was therefore the imperative for a salesperson's identity (c.f. Knights and Morgan, 1990a), yet concurrently celebrating a spirit of individualism and

entrepreneurship was seen as complementary, rather than contradictory<sup>42</sup>. The dominant discursive formations generated a fundamental reliance on targets which were *in themselves* the sole form of accountability that were perceived as being necessary, pointing to an apparently imbalanced mixture of objectifying and subjectifying knowledge, yet one which was perfectly sustainable *within a sales-dominated environment*. So long as the 'what' of sales was concretely determined through accounting practice, the 'how' did not need to be further specified over and beyond the generalised mission statement of the U.S. parent (which required a focus on targeting the business rather than residential market segment).

GL: 'In terms of your time as a salesperson, what did performance appraisal mean to you?

George: (laughter)

GL: How did your sales manager appraise your performance?

George: em..

GL: Anything!

George: Here is a target, this salesperson has to reach that target... if that salesperson reaches that target, that guy is ok... as simple as that.

(Conversation with George, sales manager: May 1997)

The disconcerting pauses in George's replies to my line of questioning gave me reason not to discredit management's claims that practices of control which expanded on the basic target mechanisms were non-existent. Selling at Teleco did not appear to be about the enforcement of procedure or the building of structure. The image of the 'successful salesperson' was constructed through the achievement of results and not through the means by which they had been achieved. Indeed, any talk of a wider net of

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<sup>42</sup> A recently appointed sales manager even had difficulty grasping the theoretical rationale of control through accountability, and I realised that the whole concept was rather alien to the prevailing discourses within the sales department.



accountability was discounted as unnecessary and even counter-productive, representing a stand against the apparently sweeping force of instrumentalism within modernity. While Sales members of both ground and director levels expressed the 'need' for increasing formalisation, I found that little progress had been made. This is at least partially explained by the fact that it was the proximity of Manumit, with its different practices, that accentuated the whole question of formalisation.

'GSL: in the merger with Manumit, is it the Manumit structures and procedures that are emerging as the way to organise the business?

Michael: I don't think it is the way to organise the business, I think you'll get a lot of concurrence with that. however, it is the way we are structuring the business, and in that there will be difficulties. It is difficult at this time to see if it is completely the right way or the wrong way. We have acquired Manumit but Manumit senior hierarchy has come into place in Europe. certainly it doesn't fit with the way Teleco was managed, or our philosophy, and some of it is superfluous. Manumit has set the pace, although Colin is in charge of UK, Manumit is structured on a international and European as well as operating company level. So, matrix, not a very good management, which doesn't give clear lines of responsibility or clear directions in terms of ownership of issues. For example, we as the old Teleco operated the UK perfectly well. We had Finance, Customer service, billing, Sales etc... if sales were being hurt by an operating or engineering issue, we had one person in control of that. if billing wasn't correct, one person. Now, sales is part of the operating company, but the overall sales figure for Europe is the responsibility of somebody else. If something goes wrong in operations or engineering, only part of that is under Colin's control. billing resides in the international environment. So if we really wanted to take somebody to task, Nicholas as UK network director would have to go to somebody else, whose priorities aren't dictated by the priorities of the operating company. it is the same old thing about central structures vs broad structures. We're always going to have those debates but Manumit have come from this side.'

(Michael: May 1997)

## ***Implications***

Being positioned at the leading-edge of the opco, within Sales, I was able to investigate the practices circulating around discourses of strategy, both with respect to planning and implementation. While I was at the relative margin of proceedings, and my access was quite limited, I could see the interplay of accounting and strategy which was occurring at this place where strategy should have been most present, i.e. within the Sales department of a sales-led organisation. What I found was a displacement of strategy presence by accounting practices, as a doubled yet differentiated presence was constituted within the opco and the U.S.. Furthermore, the presence of calculability and accountability within the Sales department was partial or sporadic, in comparison with 'standard business practice', being driven through practices of revenue targets, rather than any attempt to move towards notions of rendering subjects more generally calculable or accountable.

Interdependencies as well as similarities could begin to be drawn between practices of accountability for individual salespeople and opco performance. Sales management can be read as perpetuating the discursive formation into the sales function that they themselves are subjected to. Few non-financial constraints were placed upon action, with ownership practices of strategy constituting the financial present as representational of future success. In the search for capital, stock market performance, translated at this level into *revenue* performance, appeared to construct a reality that out-bid the quality or relevance of other information. I later discovered that this ethic was to continue to spread throughout the opco, until a 'critical moment' was reached in 1999, when the revenue focus was supplemented by a range of non-financial numbers, which formed the second kind of accounting practice to gain prominence in Teleco.

## **May 1997-October 1999: the Rise of International**

'If International win their battle to take away U.K.'s higher level of negotiations...it will mean that people like myself...will be going round as prostitutes, with a cheap price that people will see and buy off us. We'll just be whores, they'll be whores, raping each other to see what we can get.'

(Rick, Salesperson, May 1997)

Whilst interviewees were reluctant to disclose explicit details, it became clear during May 1997 that battles were being fought behind closed curtains. Despite the clarity of strategic vision from an external perspective, employees felt a significant amount of confusion and disorientation as a result of the merger. At the time I believed this was a temporary phase, seeing the merger as the cause of the disruption. It was only later, as my research extended into a longitudinal study, that I found that this was far from unusual and began to search for deeper and more underlying rationales. I continued to explore here the question of how externally represented success was being translated into internal practices. While the merger signalled a new level of strategic power for Teleco to the financial press, Colin appeared far more concerned with the task of attempting to combine two previous rivals, trying to synthesise their different structures and processes, and most of all, the political games that thereby ensued.

It is the effects and outcomes of the merger to which I now turn, focusing on the 'battle' between the company value ethic of Manumit and the share value ethic of Teleco. For this perceived 'value difference' appeared to have a real significance in shaping how employees and management made sense of everyday activity. During May 1997, sales

employees were expecting significant changes to their department. Their expressed fears were of tighter job descriptions and procedural controls, described by them as starkly opposed to the entrepreneurial culture they were previously exposed to. There was much talk of increasing 'structure', 'process' and 'bureaucracy', with Teleco often being portrayed as now becoming a large company. I found in particular, as noted earlier, a growing discursive separation between 'old' and 'new' ways of working. Formalisation was seen as contrary to the freewheeling enterprise that had previously granted such success within Teleco, but I found most salespeople articulating the need for this. This was, however, supplemented by rising insecurities.

'...there are two things that you have to give to any salesman, in terms of information. one is to tell him what his job is, ie what his target is and where he's supposed to get it from, and two what he is going to get paid. Don't mess about with a salesman with respect of what he is supposed to get paid... again we didn't even know what packages we were on, backdated until the 1st Jan, until March, we only got our commission plans last week in the sales meeting.

*what was the atmosphere like at the sales meeting?*

It was one of we're going to pin these bastards to the wall, ie the management, the people that were going to present the commission plan. but in reality, couldn't do that, couldn't mount an argument, because again, sensibly, they distributed these personalised commission plans at the end of the meeting. cos if they gave it out at the beginnning, no-one would be hearing what they were saying, and they would be like I'm not having this.

consequently, very cleverly, they said we want you to go away and look at these, and come back and report via your managers if there is a problem, and then review all of that and set it in stone.. by next week , we'll resolve all the issues and no more discussions about commissions or about reasons why people aren't doing their job, that is one of the fundamentals of managing any sales organisation, don't give salespeople excuses for not doing their job, and the biggest excuse is I don't even know what I'm getting paid for this why am I doing it.



they accept all of that, but this is where it stops, 'we' cannot accept anymore of these sob stories or excuses which is tacitly accepting responsibility for what happened before that. so they knew that they were missing in those areas, but of course it is all about prioritisation, it is a massive merger, and these things can take years to be completely resolved, but at the same time, let's try and pull two fairly substantial organisations together, they have to keep an eye on the numbers...

(Don, Salesperson: May 1997)

Don's outburst above indicated the dissatisfaction over revenue targets and commission plans. This appeared to stem from inadequate communication from management to employees, although this was drawn solely from the employees' point of view. There was a perceived lack of clarity which salespeople used as an example of managerial incompetence, offering it as an explanation as to why motivation and performance levels dropped noticeably in the first quarter of 1997. This, in conjunction with the merger, appeared to form the expressed reasons for dissatisfaction with management. Confusion over the calculation of the commissions was seen as unacceptable, causing distrust to spread amongst the salespeople. I discovered that there was widespread use of the antagonistic terminology of 'us' and 'them' both within Teleco, to denote the employee/management split, as well as between Teleco and Manumit.

In the context of an external perception of continued success, internal changes were surprisingly uncoordinated, being filtered across from Manumit, relying on emails and memos, rather than as a result of a systematic or even management-guided implementation. The speed of the merger was blamed as the cause of the disruption, and I found interviewees portraying events as chaotic and disorientating. Politics was often mentioned, and many seemed to feel that the infighting was on a scale not experienced within Teleco until this merger. This led to a level of uncertainty, a feeling accentuated by the lack of communication between management and employees.

Cultural breakdown seemed to be in evidence, and while salespeople were keen to talk avidly about the family atmosphere of 'old-Teleco', as captured in the last chapter, the future was envisioned with some dismay.

## ***The Aftermath of the Merger***

Colin, the M.D., had been in charge of the U.K. opco since its genesis. Given the sales led culture, it was not surprising to me that his personal performance was inscribed through practices of accounting within the success of the opco, conferring power and deferring knowledge to his leadership. Perhaps not unusually for the size of company, a paternal discourse of leadership was disseminated around Colin's figurehead, as many 'old-timers' appeared to both remember and respect the authority and guidance represented within. An additional influence, however, was that Teleco was in the midst of a full-scale merger, the most ambitious that the U.S. parent had ever attempted to achieve. I was quite touched at the strength of feeling for Colin, who arguably had become the icon for legacy practices. Loyalty to him appeared to be constructed in the face of widespread denial of contrasting practices from Manumit. Indeed, I began to find myself empathising with Teleco employees against the formality so strongly represented by Manumit. This was later to change quite dramatically.

Upon contacting Teleco for a routine chat in late Summer 1997, I was shocked to find that Colin had resigned. Shocked because his position had seemed previously strong. Shocked also because this meant I no longer had a case study company for my PhD. Colin had agreed to let me extend my MSc study into a full-time PhD. The reasons for the resignation were, at the time, not clear. What was of paramount importance to me was meeting the new M.D., Alex (ex-Sales Director Manumit) and securing his

permission to extend my research. This took a whole series of phonecalls, letters and meetings, coupled with support from Simon, who had kept his position as Sales manager. Upon meeting Alex, I discovered that Michael's (old-Teleco Sales Director) predictions, as quoted earlier, were right. Manumit's International structure had come formally into place above the U.K.. The second development which I had been unaware of was that Manumit directors had been appointed within the opco executive team itself. So, while Teleco was the acquiring company, Manumit had effectively taken over the International operations of Teleco.

Throughout 1998, the scope of my ethnography grew into the broader functional activity of the U.K. opco, as well as beginning discussions with non-opco management. Following a genealogical approach (*e.g.* Hoskin and Macve, 1986; Miller and Napier, 1993), I was keen to analyse the persistence (or otherwise) of the practices I had uncovered within my MSc, with the intent of following the prohibitive logic of their operation, looking at what was excluded as well as included within their constructed notion of 'strategic' activity. Most noticeably, the upheaval in the opco and the introduction of an International reporting layer had not diminished the focus on top-line growth.

'High margin and profitable...low cost... but revenue is the primary driver...'

(William, U.K. Finance Director: Jan 1998)

While there was increasing talk of numbers below the top-line, revenue continued to dominate talk of success, with this still seen therefore as bringing into focus the means by which capital and operating allocations were set.

'At the end of the day... London is given a number from the U.S. which Alex owns, and passes down to his sales directors, that number they have to turn in. Everyone under them is paid a

salary and also being commissioned against that number. Ultimately, if London doesn't make that number, things like the amount of budget we get next year, not just for Sales, but also the other functions such as Network... and people get asked to leave. So lots of pressure on doing that number. So we don't give a damn about Frankfurt or Paris, our first commitment is to London. Doesn't mean to say that we are Little Englanders and we don't appreciate the bigger picture, we are paid on a number that is focused on London.'

(Craig, joint Sales and Network manager: August 1998)

Craig referred to the revenue figure as the 'number', demonstrating just how important it had become. I was constantly made aware of the prevalence of the number, with senior management in particular fixated upon its importance. As Craig explained, sales *and* non-sales functions had stakes in the achievement of the number.

This was a major moment of 'seeing things differently', as the strategic power of accounting practice was suddenly extended for me into a whole new area. For I now learned that while the sales functions were measured on sales achieved, the non-sales functions had their operating budgets for the following year set, based upon the relative success of the opco's in meeting their revenue targets. Suddenly I could see why senior *non-sales management* had such a keen interest in 'the number' for the year. As the opco revenue number was the starting point in negotiating future allocations of operating spend, this was the practice by which revenue pressure, *and thus stock market pressure*, was spread throughout the organisation. Under Alex's command, therefore, the evaluation of the opco through an apparatus derived from financial reporting perpetuated, thus critically sustaining the sales-led structure of organising and fuelling the discourse of sales autonomy, which fitted in anyway with Alex's sales background.



But in addition I could now see how all senior management could share in adopting a hard-line attitude towards financial results and in having a shared 'national opco' focus. This shared focus was to manifest itself later in a shared opposition to the growth of the International organisation. In the meantime, it made for a striking and shared visual metaphor of the opco as organisation.

'Any strategic plan...is numbers rather than mission statement and how we are going to get there...we revolve around the [revenue] number for this year... like a rocket...

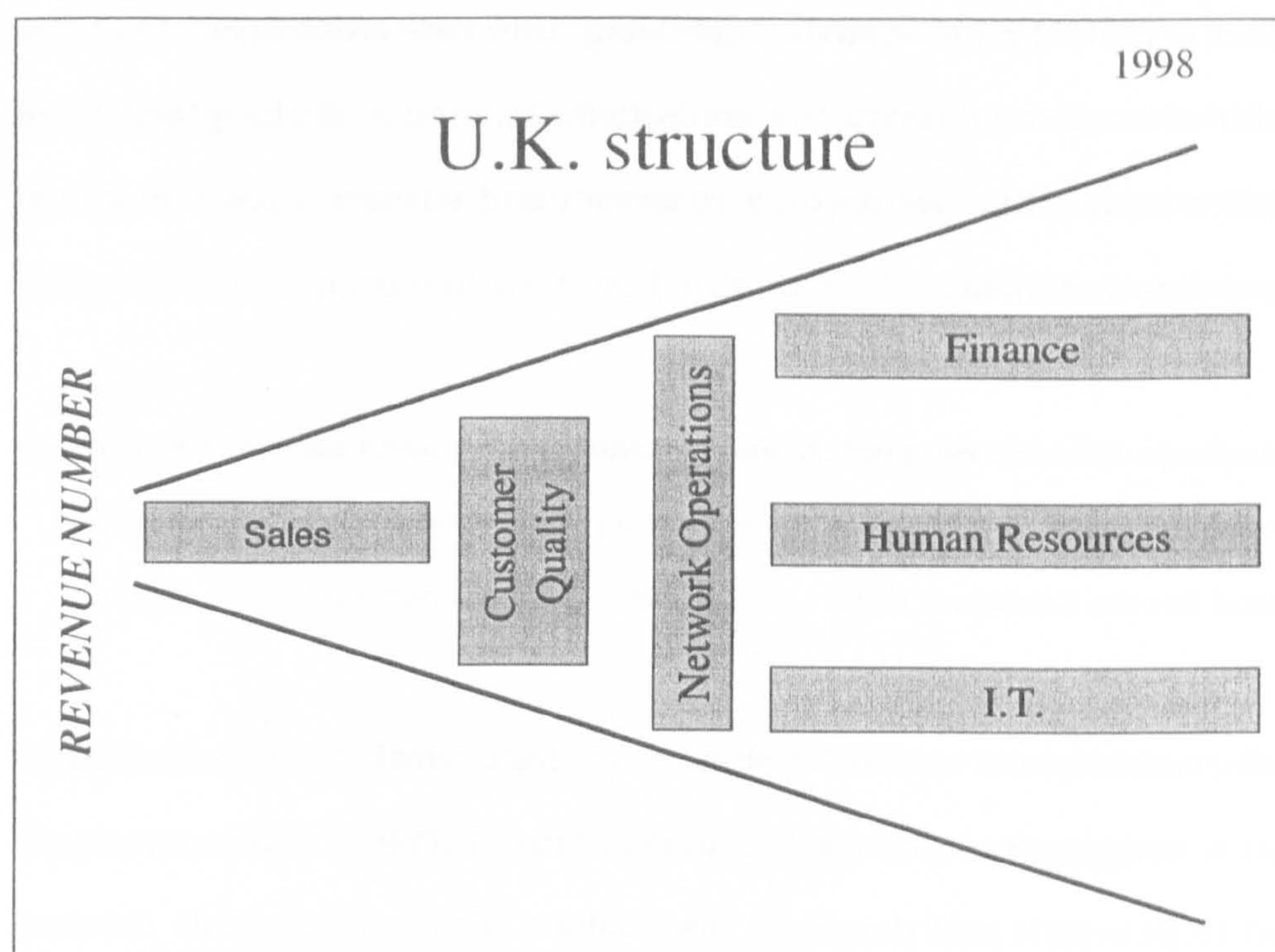
Like a rocket, you have a number at the top, the sales divisions that can make that happen, then Customer Quality that will support, then next level down, Network Operations, which provide the services which we implement to the customers, then underpinning Network Operations are I.T., Finance and H.R.'

(Robert, U.K. Customer Director [ex-Manumit]: Jan 1998)

Robert was the new Teleco Customer Director. His background in Teleco is highly relevant. I first interviewed him in May 1997 when he was Customer Director of Manumit. This follow-up in 1998 was after his transition into the equivalent position in Teleco. The continuity here is of paramount importance as he was to become Managing Director of the U.K. opco in December 1998. The metaphor of the rocket that he expressed to me here was one which I found particularly valuable in analysing Teleco over this period. Turning his metaphor around slightly, I could visualise the revenue number as the fuel that powered the rocket of performance, with all the subjects in the different departments and at the different levels of the organisation being brought on board the rocket and aligned in their actions and perceptions by that fuel. This was how the targets were to be met.

Within the rocket, the departments were variously disposed, along the lines that Robert indicated. Nearest the pointy end were Sales, with behind them Customer Quality, as

these were bound to be seen as the key telecommunications activities, sc. *making the sale and providing the service*. Behind them were the more capital-intensive implementation and support functions, Network Operations and I.T., plus Human Resources and Finance. The following diagram indicates the broad divisions.



TELECO (1998): U.K. OPERATING COMPANY STRUCTURE

If the rocket was therefore characterised by the leading edge of sales targets and the heavy base of capital-hungry functions such as network and IT, it is understandable that frequently the functions in between were caught in the tensions that could arise between the short-term revenue focus of the former and the more non-financial focus of the latter. This was increasingly the case as one went away from top non-sales management within the opco. I typically found network employees primarily concerned about capacity issues, and IT employees concerned about the upgrading of technology



platforms. The unresolved nature of this debate was to prove critical throughout 1998, most visibly in the context of the differing discourses of opco and International.

At lower levels of the opco, there appeared to be a strong emphasis on functional activity, particularly as old-Manumit departments were amalgamated into Teleco in the U.K. and, also to an extent, through matrix organising, into new cross-opco non-sales departments. Within the opco, however, the continued dominance of the practices of revenue accumulation meant that Sales could construct and sustain a position *ahead* of 'support' and 'network' functions.

'Like all sales people in different companies, they operate as gods, and there's very little we can tell them.'

(Raj, U.K. Technical Service Manager: 1998)

Through sales-led maxims such as 'the customer is king', which were both legacy-inspired and given a new emphasis by the Customer focus of Robert, the criticality of revenue continued to penetrate and dominate discussions. The unpredictable demand stemming from customers was fed into the opco itself through the power granted to Sales practices. This constituted a perceived level of uncertainty, which far from diminishing the authority of sales, seemed to grant salespeople an *aura of knowledge*, as they were positioned at the very edge of the organisation, able to feed off the marketplace and listen to customers' changing expectations. A chain reaction was frequently alluded to within the discourses of management as possibly the best way to characterise the interrelationships between departments, with apparent second-tier functions such as Customer Quality and Network Operations doing their best to keep pace with the demands of Sales (and the emerging Marketing) group. Robert's metaphor of a rocket, with its accelerating (revenue) growth, seemed highly appropriate to characterise practices of organising within the U.K..

Constantly chasing revenue targets appeared to have the impact of de-structuring the opco, as formal business processes were subordinated to immediate Sales concerns. The *structural* changes occurring in the wider Teleco organisation thus failed to impact upon practices of internal accountability, as embedded communication practices appeared to coalesce with memories of entrepreneurialist cultures (from both old-Teleco and old-Manumit) to keep at bay the forces of managerialism. Measurement practices within the opco were far from consistent when compared across the functions, with Sales the only department with hard accountability practices in place.

'My view is that...every department...should have measurable performance criteria. My difficulty is that sales is the only part of the business that is truly performance related.'

(Dennis, Sales Director, January 1998)

This view was substantiated by Marcus, the MIS director, who quite seriously pointed to the email system as an indicator of how well he was managing.

'In the end, we can quantify it, in its simplest form, by how few emails I get. If I don't get an email, everything is going ok. It is as simple as that. Or taking it out another step, if I go out into the user community, the amount of reaction I get regarding the systems, or bad bills, or improperly priced calls, or anything like that is the measure of our success. It's all pretty simple.'

While this was a 'number', it was very different to the numbers driving Sales, and was not linked in any formal way to performance evaluation. What was of concern to this functional manager was the projects he was involved in, and therefore the *status* of such projects.

*GSL: It seems that most of your feedback is qualitative and not quantitative.*



That's correct.

*GSL: Is that quite unusual for an IS function?*

No, at this stage of the game, I think not. It is quantitative as well, I get numbers out of the system too but they mean less to me than the other issues that I brought up here. My boss.. actually none of the people that I deal with are concerned about numbers. They are concerned about status of particular projects. There is a group obviously (...) finance that is concerned about all the numbers and when we don't feed them the numbers then it becomes my problem again. So somebody else is watching the numbers for me which is a good thing.'

(Marcus, International IT Director (UK responsibility), Jan 1998)

This disparity began to make far more sense when compared on a external versus internal basis. Internal accountability within all the functions appeared to suffer from a lack of performance indicators, with activity *dislocated* from formal reporting structures. Initially, I was rather taken aback at why this was occurring, and I fell victim to the espoused management rhetoric that this lack of performance measurement was merely a temporary setback.

Over time, however, three explanations emerged as dominant within interviewees' discourse. The first two pointed to the growing split between opco and non-opco and demonstrated a circular logic of blame and counter-blame. The IT department had, ever since the merger, been reporting directly to International. I should thus have realised that the opco members I was interviewing at that time were joined by their frustrations at being unable to enforce their own demands through local channels. IT management were concerned with practices of standardisation and globalisation, being largely on secondment from the U.S. organisation. (I noticed that all but one of the directors, for example, were American; this was not interpreted positively by London-based employees within IT.) The local concerns of the U.K. were thus seen as quite insular (and not a little arrogant) from the perspective of the global strategy. It was not surprising that IT management were seen as unresponsive to U.K. cries for more dedicated IT support.

The outcome of this was that many opco members who were primarily driven by the revenue targets began to blame system inadequacies for the lack of performance indicators. This formed the first potential explanation.

'Right now, our management information is probably of very little use because the systems that we have in place to produce that information are woefully inadequate. Due to not enough investment in the systems, changes in strategy and management and personnel direction, the business has grown against the background of an infrastructure that has not grown to support it.'

(William, Finance Director: 1/98)

'We know where we want to be. May not have the tools to go there, but still maintain a vision of where we want to go. Still maintain our strategy.'

(Norris, Marketing Director: 8/98)

The new IT director, coming in January 1998, was adamant that the informational problems stemmed from a lack of co-ordination within the opco, the '*business*', itself. The rocket of the opco, driven by the perennial obsession with revenue, was preventing systems from being developed in a structured and coherent fashion. This formed the second potential explanation.

'We...feel that the business has not prioritised its work, requirements or requests from IT.'

(Marcus, International IT Director (UK responsibility): 1/98)

The third explanation was that management, especially within the opco, simply did not support performance measures that were produced simply for internal use. This hierarchy of the external over the internal was to persist throughout 1999 as the next section details, proving most interesting in terms of implications for practices of

strategy. Fascinatingly, while this is clearly at odds with the processual logic of the internal needing to be managed alongside the external, it echoes the Porterian stance of focusing purely on the external. I thought this was a rather ironic twist on the often taken-for-granted progression of strategy from rational to processual. Furthermore it seemed to illustrate the constitutive power of strategy discourse, producing a practice that is not only counter-intuitive but counter-theoretical.

Against the discursive backdrop of incoherent business processes, salespeople were enabled to propound a discourse of *business performance* as distinct from the intangible and thus less worthy activities of other departments. The apparent tightness of this link from the internal to the external was a practice which seemed to establish power relations as deriving from this hierarchical rocket tip, as well as drawing from the imperative of opco performance. While these micro-techniques pushed back the frontiers of calculability, I began to notice that the same techniques allowed back in a disciplinary power of a different kind, that claimed by those able to articulate the discourse of strategy. I felt that employees themselves desired the security which practices of accountability can provide; with revenue practices confined to Sales, other *strategic* practices were being sought. Indeed, the power conferred by the name of strategy was to prove most important within the U.K. opco. As International's discourses spread, the rising inability of opco management to claim ownership over strategy led to alternative practices being substituted as a means of retaining a sense of purpose and thereby identity.

Measured through the institutionalised practices of accounting, the opco continued on a trend of successful strategic execution, and I was now able to confidently deny that the experiences of the internal organisation in any easy or homogenous way mirrored the structure and clear strategy of the external. The commotion erupting within Teleco

*set against the backdrop of the external strengths* was not the picture conventionally painted by strategic discourses of success<sup>43</sup>.

'We're on a one-way ticket, heading to wherever'

(Robert, Customer Director, January 1998)

Drawing on and critiquing extra-organisational discourses of strategy, Robert emphasised to me that strategic practices within Teleco were flexible and contingent, drawing on the volatility of the telecommunications industry as a cause. Planning beyond numbers was not, at least historically, a feature of Teleco's activity. Conjuring up the image of a constantly changing market-place, Robert visualised Teleco as being in a perpetual catch-up situation, '*a roller-coaster ride*' with few continuities. Hence, planning played only a guiding role, to be drawn on or discarded as the situation demands.

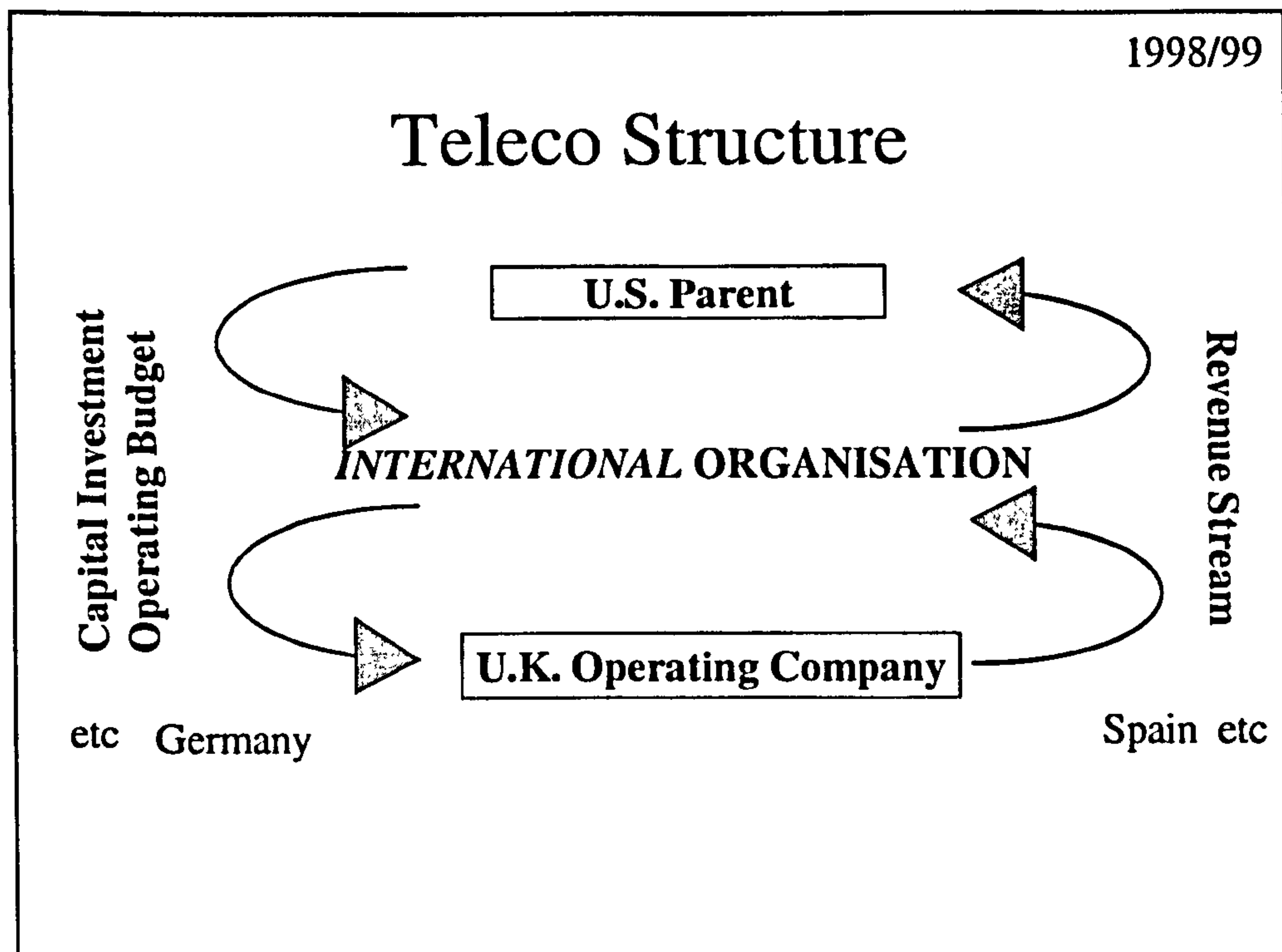
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<sup>43</sup> Through accounting, we can now begin to make sense of this paradox, as the respective constructed meanings of strategy and success start to unravel and differentiate. As foretold by the struggles in the aftermath of the merger, International rose to play a major part in the structuring of the global organisation, in a way which underscores the explanatory importance of a discursive approach to the study of strategy.



## Assembling of International Structures

The following diagram indicates the way management portrayed the structure of Teleco in the aftermath of the merger.



*TELECO (1998/99): REPRESENTATION OF RELATIONSHIP BETWEEN U.S. PARENT, INTERNATIONAL ORGANISATION AND U.K. OPERATING COMPANY*

'We have a certain degree of organisational structural problems in terms of who is accountable for delivering information. We have individual opcos across Europe, with M.D., sales force, operations dept, customer quality, all the basic business functions. There is then a layer of support functions which span all of those countries that don't answer to the M.D.s of the op

cos, and then a separate set of functions that are also present within those countries that answer up a different management line straight up to the parent co in the U.S..

(William, U.K. Finance Director, 1/98)

'For the most part, this structure and the inter-relationships are understood. ie your sales people are doing that, so I need to do this. The Network Operations director is very clear about what we need, although currently his reporting line is different to the U.K. M.D. , he is accountable as part of the exec team forum. The only areas which are out of step, certainly I.T., who are still pursuing their own objectives, and not trying to support the business objectives, which is dangerous. For the most part everyone else has bought into that, even marketing, so I feel there is a very good fit. Only I.T., and maybe some of the engineering functions are not as accountable as they should be. There are moves afoot on an International basis, given that I.T. isn't even accountable to them but to U.S., there is a desire from a high level, Liam Strong down, to say this is what we want, if you can't deliver it, we'll go somewhere else. This is too serious to mess around with. '

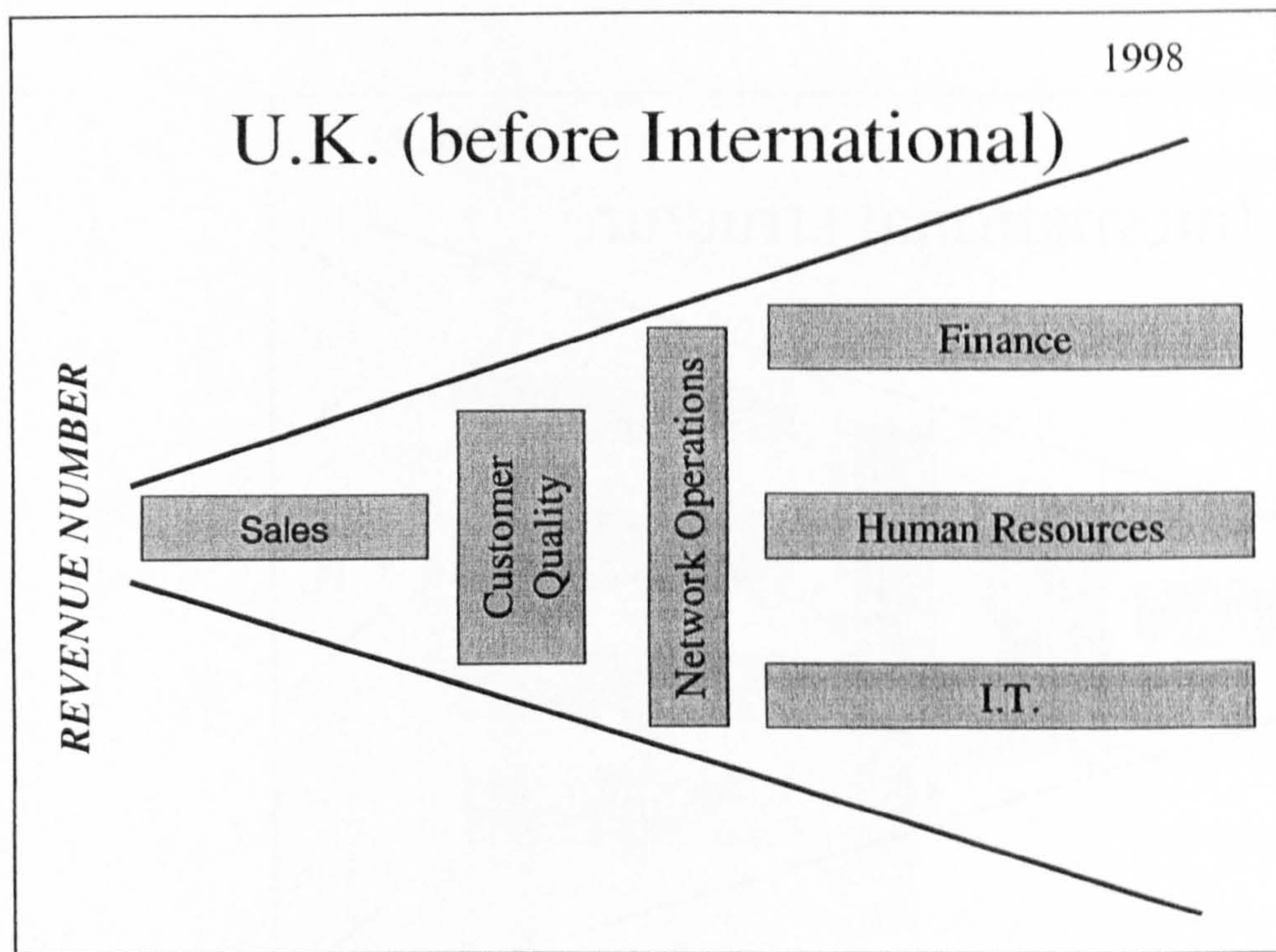
(Robert, U.K. Customer Director [ex-Manumit]: Jan 1998)

The comments above by senior management reveal just how complicated the picture had become. The vision of the U.K. as an autonomous entity had been undermined by the introduction of International support functions, even while the focus on country-revenue targets continued. This was to sow the seeds for the growing power struggle between opcos and International over ownership of strategy. The U.S. continued to measure the U.K. using revenue targets but International was now taking control over functions that were seen previously as critical to opco achievements. As well as the logistical difficulties of communication with International, U.K. management now found themselves competing with other opcos for allocation of central resource. They expressed to me their frustration that despite the U.K. being the highest revenue earner, it was not being prioritised first within the support functions such as I.T.. While I.T. formally reported to the U.S., the majority of the I.T. directors at any time during

this period were on extended secondment from the U.S.. This coincided with the growing constitution of International as an apparently complete overlay function.

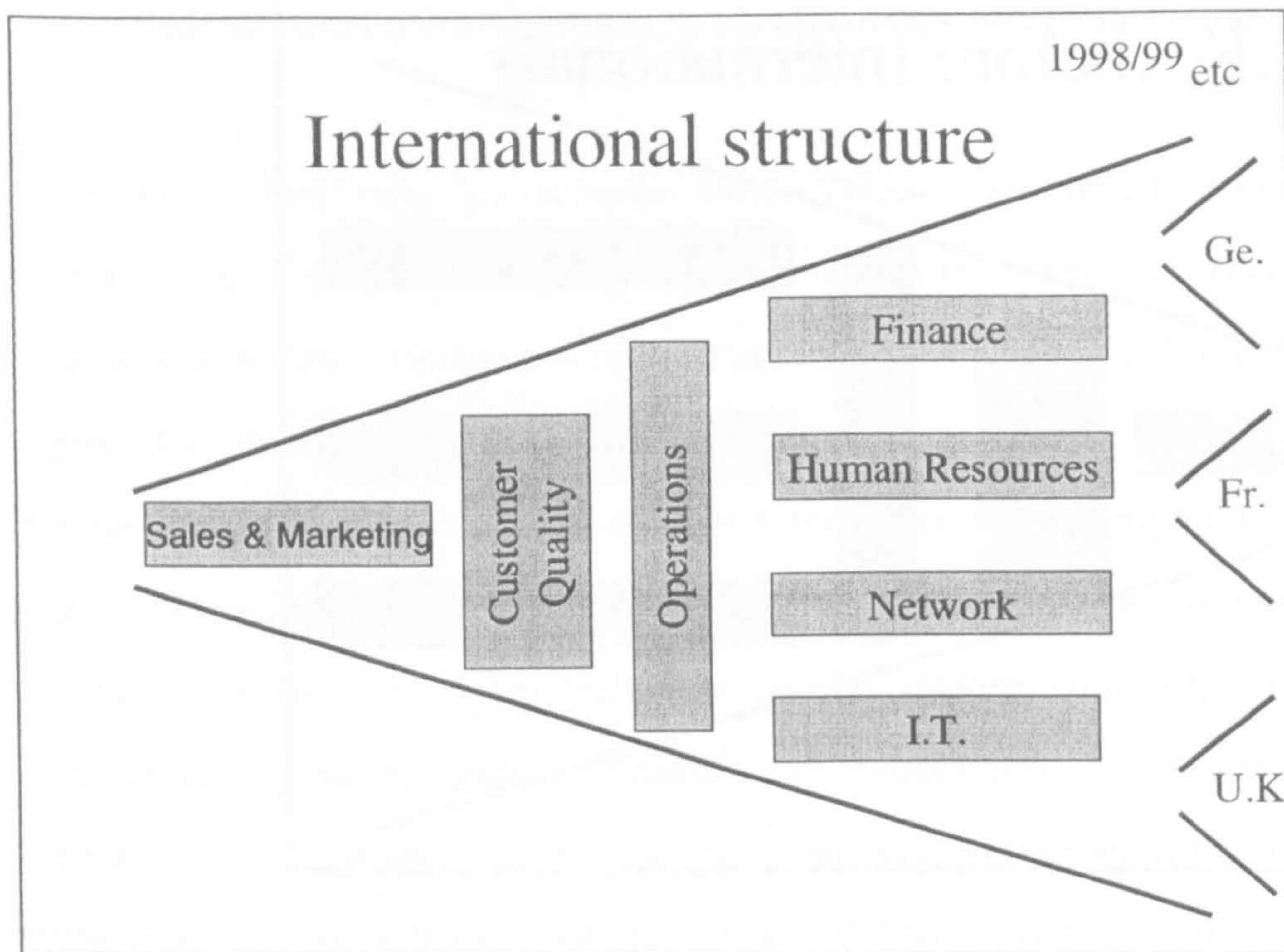
Being a (relatively) long-time observer within Teleco, I was able to watch as the terrain between U.K. and International was fertilised with the seeds of direct conflict, as the practices of matrix and country accountability clashed and failed to get resolved, being constantly driven apart by the political call of country revenue targets. The strengths of feeling expressed to me were increasingly intense and I found myself taking the issue of U.K. vs International very seriously indeed. As mentioned earlier, the importance of the revenue number was magnified through the *departmental* capital and operating budgets, extending the network of hardened accountability. This disciplinary effect both sustained the coherence of the UK opco, as well as perpetuating the conflict with International's discourse of interdependence. The tri-partite pressures of sales, network and departmental operating budgets, stemming from the continued primacy of revenue targets made it particularly difficult for International to establish its own operating space. It was ironic that Colin was the casualty of the power struggle between U.K. and International but his successor, born of the more globally focused Manunit, was arguably even more resistant to International discourses. My meetings with Alex soon taught me that he had by no means renounced his sales background and discipline. This in the context of the opco's continuing subservience to revenue-based performance evaluation was to only confirm the viability of his sales focused discourse. To enable the continued achievement of revenue targets, the U.K. needed as much resource allocated as possible to its country operations, thus raising the stakes in the debate over core or non-core resource. In view of the U.S. parentage's emphasis on revenue, the rise of an International focus was construed as directly at odds with both contemporary and historical practices of individual-country success.





TELECO (1998): U.K. OPERATING COMPANY BEFORE INTERNATIONAL





TELECO (1998/99): INTERNATIONAL STRUCTURE

The emergence of the International layer led to pressures for it to establish its own identity as separate from Opco activity, creating a justification for its existence. Paradoxically, this was achieved through a *mirroring* of the opco organisation, thereby enabling the reinvention of International as the strategic centre for all non-U.S. activity. International metamorphosed into a giant rocket organisation which could pull together all the smaller rockets of European opcos.

'It's very hard to get money. It's all revenue-driven. Authority for Expenditure is all success-based capital... goes back to the U.S.. So if I ask for 50 STM4s, they will ask me to justify the revenue for that. My answer is that [laughter] I had 10 yesterday, 5 today and only 1 by tomorrow. I need more! It's capacity planning.'

(Roger, International Network Manager: July 1998)

Roger summed up succinctly the revenue pressures faced by International. As the section below details, International embraced the accounting-based strategy of revenue growth and capital allocation which had for so long been the life-blood of the U.K. opco. From a U.S. perspective, very little had changed in terms of who owned strategy. The U.S. parent continued to allocate capital in accordance with revenues earned, this cycle of accounting transaction forming their stockmarket focused strategy. Within Europe, however, the prior simplicity of the respective roles of U.S. and opco functions was shattered through the articulation of a differentiation of core from non-core functions, centring this as the arena of conflict. It was noticeable that strategy discourse moved away from being sort of empowering for the UK opco, where management were enabled to practise strategy within the U.S.-imposed numbers, towards one of conflict where the ownership of strategy was directly contested by International. As the following diagram indicates, strategy presence was effectively *taken over* by International, by taking over opco functions.

INTL EXPANDING THE DISCOURSE OF 'CORE' OR 'GLOBAL' FUNCTION:	
(1997/8)	Network
(1998)	Operations
	I.T.
	Strategy
	Finance
	Marketing
(1999)	Sales

The expansion of International meant that Network and IT activities *of the UK opco* were increasingly prioritised as being within an International remit, one which allocated resources on rationales alien to the opco. While the U.K. remained the highest revenue



earner, its requirements were not prioritised in accordance with this. International management justified this change to me through a long-term revenue discourse, arguing that new European cities were demanding resource, and that this would eventually provide revenue growth, even though on a short-term basis, this appeared ineffective. The impression for opco management was, however, that the ground had been ripped away from the U.K., as the rocket was politically dismantled. It is noticeable that throughout this battle, little mention was made of the U.S.'s role. International appeared to have indeed taken this role over, expanding its remit and engaging directly in areas previously taken to be owned by the U.K.

'Alex has title of M.D. but he doesn't have total control over the U.K.. The M.D. should be expected to control IT, billing, operations...but he does not. His real role is in sales and marketing.'

(Simon, Sales Manager: August 98)

Until one of the sales managers told me in confidence that Alex could well be leaving soon, I had no idea that this was on the cards. Senior management expressed to me how the scope of the opco, *and thus of Alex's responsibility*, was delimited and subordinated, acting to undermine for the first time the image of an autonomous and sales-led organisation, one which he personified and propounded. Achieving the numbers was no longer adequate for the U.K. to retain control over its practices of strategy. This appeared to be construed as a 'loss of face' for the M.D. as he was increasingly sidelined. What was now constituted as more important were International's numbers, and the practices they deemed fit to achieve those numbers. Despite the U.K.'s continuing importance within Wall Street, the size of International's revenues and costs meant that ownership of strategy was now being claimed by non-opco management.

With the core functions of IT and Network being made accountable to International directives, the question of *'the role of the opco'* became prominent in discussions. I chatted to Tarkan, an opco Network Operations planner during this time

*So you're.... what's your title?*

[laughter] Titles are a funny thing in Teleco.

*Customer site planner...*

That's what I used to be. ...the cleaner could be a network planner, to be honest

*So what is the role of planning within Teleco?*

The U.K. network planning dept doesn't do planning. I think planning is done by an International group....

*Run by Rowen, Intl Network?*

Might be. I only know a couple of guys. I believe they do most of our planning.

...

*What do you think the strategy of Intl Network is?*

Dunno.

*What does it feel like they're trying to achieve?*

If one pipe is full, they put the next highest, when they got no idea of how quickly that will be used up.

(Tarkan: July 1998)

There was confusion over who was doing what within opco and International. I was quite shocked that Tarkan had no idea who even did the planning for the U.K. network. His claim to be unaware of International Network's strategy could have been partly a practice of resistance against their increasing presence, but also indicative of the lack of communication between the two parties.

Talking to International management, they referred to *'one huge revenue target'* as being the new tip of the rocket, with support functions following behind. Interestingly, this led



to a similar state of disorganisation within International business processes as experienced within the UK opco. Combined with International claiming strategy, however, this was experienced by U.K. management as a rising International hierarchy of control which made little sense on a day-to-day basis. As described earlier, the U.K. had grown accustomed to having priority in terms of resource allocation. This was now being subordinated to wider International concerns, not all of which were actually revenue driven. I discuss these within the section below.

I found myself in my perennial quandary. Having finished the first year of my PhD at Teleco, I was most keen to continue my ethnography. My intention had been to submit a management report to Alex as a persuasion for continued support for access. After I submitted, I heard that Alex had resigned. In his reply to my report, he designated Robert as my senior point of contact within the organisation. In the December of 1998, Robert was promoted to M.D.. As I personally noted in my report, he had been recognised within the organisation at both senior and junior levels as a leader of change, acting to boost dramatically the profile of Customer Quality within the opco. This intensified, however, the clashes with the broader International discourses of standardisation, as the emerging leadership once again supported both practices of autonomy in conjunction with a recognition of local expertises, a combination which propagated an expressed desire to resist formalised and bureaucratic processes of accountability. As Robert explained to me, *'[y]ou can take a horse to water, but you can't make it drink...'* (April 1999), making the point that people should be pragmatically enabled to find their own way in the organisation, rather than being decisively led. This in conjunction with his long-held beliefs over opco autonomy (see above) were to inflame the situation with International.

Tensions rode high within the opco, as functional management became increasingly aware of their International counterparts.

'...it started off as a bunfight... now turned into a nuclear war..

...operating companies think they're being kicked around and power pulled away from them...

International feel they have been given the power and are frustrated because nobody's listening to them...'

(Ruth, Senior U.K. Manager: July 1999)

Opco management increasingly stated, however, the acceptance that their organisation was largely a '*sales and marketing adjunct*' to the core International activity, and discourses of autonomy were dispersed and dissipated. The integration of Sales and Marketing as a core initiative for this year, therefore, reflected both the curbing of the sales-led nature of Teleco, as well as an active consolidation and re-founding of identity. Sales, Marketing and Customer Service functions all achieved explicit recognition within the company-wide objectives for this year, a major development from the previous narrow focus on revenue targets.

I played my own, minor, part within the opco-International battle. Marcus was appointed I.T. director of the U.K. opco in January 1998. By the time I met him again, in June 1999, he had moved out of the opco and into International, with responsibility for Asia. Upon talking to him, I realised just how caught up I had been in opco discourses. Naively, my report for Alex had placed considerable blame for opco problems on the inability of I.T. to support the opco. The idea that I.T. would have different concerns was, at the time, invisible to me.

'I found your report very disappointing. The business never made its obligations to IT clear... you are obviously very slanted towards the UK opco's perception. You saw me back in January but you never asked me about strategy... You reveal a lack of insight into the business. IS strategy is not fitted into the Business Strategy.... International does have a perspective. We are trying to maximise the utilization and leverage of core resources and processes through

standardisation. At times, IT is not clear, I admit, and Noel [the CEO] needs to share his vision more with the UK opco. However, UK autonomy has its limits – it must be restricted to a local Business Case presented to International. UK opco may request service but this must be supported by revenue and costs. I know that Feb 1998 was only the beginning of IT organising. Now, however, UK opco must think through the sales and marketing roles and their implications for the wider organisation. Against autonomy, we need global predictability. There is a shortage of resources worldwide. The core business is back in US and yes, autonomy was the problem – but this means that billing cannot occur globally. So we strip core processes away from the opcos and this will mean a reduction in autonomy of the opco.'

(Marcus, International I.T. Director: June 99)

My report had been used to criticise Marcus' personal achievements. This involvement gave me quite a sense of perspective on what I was doing as I realised the depth of my participation and hence the importance of revealing this within my PhD. In addition, I realised that I had not sufficiently considered discourses prevailing within the I.T. function. I was determined not to make the same mistake this year and I focused much effort on immersing myself in International as well as opco concerns. This culminated in my month's participant observation within International Strategy.

## ***International Strategy***

I watched International grow from merely a layer of legacy organisation into a more fundamental part of how the global network was co-ordinated, asserting control over European and Asian countries, with formal responsibility for maximising overall revenue. I had spent much time in both the U.K. and International organisations over this time. In January 1999, in conversations with Robert, I was extremely excited to discover the existence of a Strategy department in International. It had proved difficult to map out the International organisational structure, with interviewees unable to be



precise about what exactly existed at any point in time. Before Robert mentioned Shan, therefore, I had never pinpointed the existence of a specific strategy department. Over the next three months, with the encouragement of Robert, I made contact with Shan, the Vice-President of International Strategy. It was in April that I succeeded in obtaining his permission to spend a month working with his team. I had moved from the margins of the opco to taking up an insider position at the center of strategy practice, within the new International structure. How things had changed!

Over the Summer months, I became aware of the growing importance of International Strategy. I found that many opco members, across the functions, were aware of Shan, but none could explain to me exactly what he did. It was fascinating to see my credibility rise within Teleco. In the past, I had become accustomed to a certain presentation of self preceding me as I was always known through my links with the M.D.. Now, I was also telling interviewees about my forthcoming project with International Strategy. As far as I could see, people were very impressed by this. The opco was experiencing a certain amount of confusion over the expanding role of International. As I searched for some kind of stability in this, to enable me to make sense of the developments, I began to build up my hopes for what I might find in International Strategy. Here, if anywhere, should be found concrete evidence of strategy practices, especially against the backdrop of opco management complaining about strategy absence (see next section). After all, Shan had made it very clear to me about his policy towards the dissemination of strategy.

'We don't want our strategy disclosed to outsiders...we don't tell people what the strategy is even in the company... [...] It's a need to know basis. Business schools in their talk of buy-in company wide are too simplistic.. [...]...how important is it to tell every member of the organisation the strategy? .... it's a need to know basis.'

(Shan, International Director of Strategy, April 1999)



It was interesting from a theoretical processual-strategy point of view to see how my project emerged. I was initially given a list of choices from one of the analysts, Vincent. He informed me that I should also come up with my own ideas. At the team meeting, Ravi, the Director, added his own idea. This was seconded by Shan. Over the next few days, I made myself busy researching alternatives of my own and presented a list of seven to Ravi. He made a point of always deferring to what Shan would want and gently encouraged me to take up his idea, as Shan had already shown interest. I went away with a sense of satisfaction that I had made the right decision. In retrospect, I chose exactly what I was meant to choose. I reflected that while I had no particular qualms about Shan's firmness, I could now understand why opco management referred to International's style as 'dictatorial'!

I found that the team gravitated around the differing opinions represented by Ravi and Shan. In the doing of my project, I met all the members of the team, finding them '*a damn quirky lot. Very bright and idiosyncratic*' (Field diary, 18 August 1999). They appeared to be most excited when discussing new technologies and products, at their most secretive when talk of mergers or acquisitions arose, and at their most deprecating when talking about internal strategies. I very quickly found that there was a general acceptance that they were bad at communicating strategy. Through my research in the opco, I was very much aware of this already, and it was satisfying to substantiate this with admissions from International Strategy that they were indeed lacking. In the first team meeting I attended, I was asked what my PhD was in, and I replied 'strategy, focusing on implementation and communication'. The laughs that ensued were most informative, and I remember people nodding and someone saying '*perfect*'. They were laughing, not at me! but at their blatant need for work in that area. I began to feel like the 'expert in communication'. At the same time, however, I was very much aware of Shan's hard-line towards disclosure, one which sat rather uneasily (for me at least) with

the team's criticisms of the U.K. opco's inability to carry through strategic plans. My feelings were that this was hardly helped by the poor communication of strategy from International to opcos.

'Thinking about the week, Intl Strat is competing for position within Teleco. Their involvement in M&A and critical telecom issues has reduced the time they've spent looking at internal strategy issues. No time for execution or organisational issues. That's why it's becoming a bit functional with Lance making comments like we're not here to tell opcos or Marketing what to do. Shan sticks to his guns bigtime and says opcos don't need to buy in - they just sell (&market?). Vincent sort of defends it and says he don't know cos not here long enough. Barry says the thing we're bad it is communication of issues. Ravi says what we do is get Noel to roll the plan out and get agreement and after that, it's law. Shan has a real authoritarian approach to strategy and even Lance criticises him for not driving the strategy far enough down. Lance on Thurs was saying how some people in [building name] don't even know which company they're working for...

(Field diary: 22 August 1999)

International therefore was positioned as tightly holding the strategic vision, disseminating to the opcos a numbers-fixated plan. This lack of qualitative detail meant that linkages to opco activity was made tenuous, as the 'flesh' around the numbers had not been shared. This, I noted, was a recipe for failure within both rational and processual discourses (also see Boxer and Wensley, 1986: 193). A culture of secrecy was intentionally imposed around strategy as the imperative of the market was wielded as a defence for this practice of control. 'Strategic reports', for example, are carefully guarded and only shown to the CEO for Europe. *No-one else sees them*. Indeed, while admiration for Shan in a personal context was common, articulated knowledge of his role was scattered and incoherent. Whereas before, the U.S. parent also contained the discourse of strategy, this did not prevent its enactment, and geographically, U.S. was clearly distant from Teleco. Now, with the formation of International within the very

buildings that house their U.K. counterparts, barriers were permeable and differences confusing, thus hardening resistance and control practices as identity was challenged and re-sought.

My project, as specified by Ravi, came in two parts. The first was to articulate Teleco's expansion strategy into Europe in a form which could be released to the European M.D.s as well as other functions within International. I discovered that this had already been done in a detailed form several months ago. My task was to update it and prepare it in a form which could be communicated out. I found myself in a balancing act between my appreciation that opcos wanted to know (see next section) and Shan's desire for need to know. This created much tension in myself as I struggled to understand what should be done. The second part was to write a report describing the way the expansion was actually currently taking place. Shan and Ravi were both very keen that this should be targeted at Noel, the International CEO, with the intention of describing the lack of co-ordination occurring.

'To be honest, I'm not really getting anywhere with the accounting/strategy thing. There's accounting in the project work but they [the team members] feel it's intuition which guides them, then numbers second. Shan is big on how it's gut feeling and strategy as top-down, which is mad cos it's against the flexible culture thing. Still got the financial engineering perspective driving the org almost independently of the ground level work. So information relied upon is all toplevel – discussions don't really take place between those at the top and those at the bottom, implying a v strict hierarchy. And all this in a telecoms company which is supposed to be fast moving and uncertain and should need freer information flow.'

(Field diary: 22 August 1999)

This reveals the frustration that I felt with my research. I developed a table which showed Teleco's expansion plan in different countries, followed by justifications for this. Through my discussions with the team members, it became absolutely clear that the



primary justification was revenue potential. This was followed by very brief summaries of the prevailing regulation, competitor actions and 'other' factors (including current network presence). However, on speaking to Demi, the analyst who prepared the numbers, I found that the numbers were based on extrapolations which carried very uncertain assumptions. Through having to extrapolate further the numbers myself, I discovered the importance of gauging International directors' (from e.g. Network, Sales) reactions to the numbers to find a consensus. I was most dismayed to find that these numbers were so intuitively based. The poor quality of the available information was, as far as I could gauge from discussions with opco management, representative of telecommunications data in general. There simply were no up-to-date calculations other than what people held in their minds, taken presumably from industry conferences, journals and discussions.

The second part of my project proved extremely politically sensitive. This was the hidden agenda of my investigation into geographical expansion. I was trying to find out which different groups within International and across Europe were busy expanding *without formal permission*. The issue from Ravi's point of view was that the lack of clear strategy statement from International Strategy had allowed groups too much freedom to determine how and where to expand. However, I could not simply demand information from groups if they were reluctant to disclose and so I had to present myself as acting in their best interests, for example through raising the profile of their expansions. The difficulty of this was quite incredible as there was no central information resource I could refer to. I held face-to-face meetings where possible, but had to rely mainly on phonecalls, conference calls and emails as the groups were based all over Europe. I discovered for myself the lack of formal processes in the International organisation as I had to constantly mention Shan's or Ravi's names just to begin a conversation with some people.



'Strategy is so well kept hidden - restrictions on info flows all over - internal restrictions, external to brokers, to the extent that they struggle with info adequacy'

(Field diary: 29 August 1999)

I soon became familiar with the practice of sharing information only with those who needed to know. The team were extremely secretive even to each other as their work was often '*price-sensitive*'. I felt this ethic strongly and was constantly checking whether I could divulge a certain piece of information, *even though in my eyes this information was often more political than price-sensitive*. To give an example, the growing department of International Market Analysis was beginning to take over 'strategic' duties, in a way which was seen by International Strategy to undermine their authority. The careful containment of the Strategy team's activity was at least partially to challenge this.

'Strategy wise - team meeting was fab. All about success-based capital. Discussed meeting with Alpesh: achieving International budgets as a means of further capital allocation DESPITE lack of clear rationale. The importance of the 'no. of metro loops' as pleasing Wall Street - their indicators count SO much. Distribution of capital follows these indicators... WITHOUT strategy - or at least with Wall Street's quantitative view on strategy. ... so got Shan's team questioning Alpesh's Wall Street focus!!! Despite their own revenue fixation.

(Field diary: 31 August 1999)

At the team meeting mentioned above, I was party to a discussion about Alpesh, a U.S. Teleco executive who '*works closely with the U.S. CEO*'. I had personally felt the buzz in the air when Alpesh came to International offices in London, and it was a marvellous opportunity to find out Shan's team's feelings. The strategy as agreed with Alpesh was simple, growth with a focus on existing countries and cities. I listened to the team laugh about how budget-driven the U.S. was, and how this determined capital allocation which was used despite the lack of 'strategic' rationale. The impact of Wall Street on

this process was taken for granted in their discussions, and I realised the importance of meeting certain indicators (such as the no. of metro loops). Shan's team appeared to fully appreciate the importance of revenue; indeed they took it for granted as being the bottom-line of strategic activity. They thus felt empowered to criticise the rationality of the U.S.'s adherence to Wall Street's non-revenue indicators. What struck me, however, was that both the U.S. and International Strategy were wielding similar accounting-type practices.

'Shan spoke about how Strategy ain't involved in Capital Planning. What happens is that they advise Noel and then he oversees Capital Planning. Interesting eh? And combined with the fact that Strategy are so secretive. So where is the f\*\*king strategy then? It manifests itself in the M&A.'

(Field diary: 3 September 1999)

Talking to Shan and Ravi made me realise that Noel did not defer automatically to International Strategy when making capital planning decisions. It appeared to be a political process, negotiated by International Finance, International Network and International Sales and Marketing. I attended the Capital Planning meeting held in September being the only International Strategy member to attend the meeting. I was able to listen firsthand to the negotiations, which fixated around the budget revenue forecasts. In my report, for the second part of the project, I documented how the different groups were manoeuvring for capital spend. Of note is the way this apparent 'central co-ordination' was achieved through a lack of discussion about strategy.

'Got loads of info from a meeting on Friday with Shan and Ravi. Noel as controlling through ambiguity and being a yes man. They're a good team in Strategy. So nice to begin to deconstruct higher levels of management in International to hear the bitching just like in anywhere else. Also opening up the link to non-London based International people is great as well as emailing people in the US...

(Field diary: 4 September 1999)

I found that there was a mindset within International that strategy could be practised through the numbers, showing striking similarities with the U.S.'s approach. International made claims to owning strategy but failed to communicate it to the UK opco over and above the financial targets. While management within the U.K. were left with ownership over *managing*, the absence of the empowering presence 'of strategy' led to complaints that *numbers do not provide clear direction on how to manage*. This is covered in the next section.

## ***Implications***

While it was the U.S. parent which undertook the merger, and top management retained their position within the organisation, the story unfolded in quite a different way within Europe. Riding on the back of discourses of globalisation within telecommunications, Teleco's country-independent practices were confused and subordinated through a broader discourse of matrix organising. Power relations were aligned away from the legacy opco management, turning instead to the constitution of a new International layer of organisation, one which lay beneath the U.S. *covering* European operations. This encouraged feelings of insecurity for opco management, and the institutionalisation of autonomous discourses, from which they drew much employee support, began to appear confounded in the wider context of a globally orientated architecture 'of strategy', as disseminated from International.

After spending a month in International Strategy, I realised that even in here, the numbers were driving what was being perceived as strategy for the U.S. and for the opcos. I found myself confronting a peculiar mix of presence and absence. Once produced, financial and non-financial indicators were able to constitute strategic presence. Yet, this presence was unlike any described in the literature, being constituted through numbers. Furthermore, looking up to the CEO, he appeared to now be in control of the practice of capital allocation, but this was left partially separated from those formally practising strategy (International Strategy). In addition, the opco was left increasingly distant from the resource allocation process, as revenue stream was reduced in importance as an indicator of priority. For opco management, as the next section investigates, this was being made sense of through the notion of strategy as absent.



# January 1999-May 2000 – Structural Changes in the U.K.

I met with Robert in January 1999 to discuss both his appointment to M.D. and the process of my research within the opco. He talked very positively about the new planning structures that were now in place. Marking a significant change, opco targets were expanded to include margin, mix and customer satisfaction. This was the first time formal targets had been separated out from revenue, and seemed to indicate the new rigour with which Teleco was being organised. There appeared to be a new sense of direction being received from International and I was keen to find out just what this would mean for the opco.

*'GSL: I'm still not sure whether you see the plan as kept for top-level management and not disseminated in that form lower down or actually passed down..?'*

Robert: Well there is the Intl plan which is understood and articulated to the senior managers, basically saying that anything we do within the opco to achieve our targets will follow certain criteria. The highest level plan in the UK is to make sure the individual division head's plans coordinate. Take the Intl progs that we are gonna pursue... what progs have we put in place to make that happen. UK in the year 2000, what are the Intl things we can leverage, what's the number we're expected to deliver as part of the strat plan, looking at the market opportunity, then from the gap. Have roll-through revenue from existing customers, new initiative progs... then what else do we need to do to win the market share that we want. So talk to the sales and marketing, by sharing that info at a senior level, what will Customer Quality, HR, finance, what can they do to support it. That what comes into the funnel can be supported all the way through the business pipeline. We would then take that and translate that into a series of opco wide imperatives. **This is the number, these are the progs.** Then on divisional basis, that will translate into a specific operational plan. So opco operating plan which the exec team are authors of, and they will take that and cascade it to their individual functions. So don't share

that information with everyone, but give them as much as they need. About 60 page document. . so HR.. how many people do we need, how can we keep the ones we got.. all aimed at doing that number. Business objectives translate down into divisional, team and then individual objectives. Bit idealistic to think that big figure will translate down to an individual, but that's the idea. We're getting closer to it this year.'

(Robert, 25 January 1999, **emphasis added**)

I was impressed by the practices he was discussing, as they accepted the centrality of the revenue number but attempted to break it down into actionable components. The talk of programmes, in particular, indicated that there would be a stronger control and co-ordination emphasis from the leadership. This seemed to be an appropriate management move to counteract the trend of focusing on sales without planning out how this would be achieved throughout the functions. The quote also demonstrates how the opco and International could work together. At the same time, however, political troubles were brewing over just how differences should be resolved. In retrospect, it is interesting to note just how immersed I was within Teleco's discourse. It had become clear to me, as researcher for the M.D., that the organisation was too informally based. The solution was thus to introduce more planning practices which could implement reliable business processes. Upon reflection, however, the confines of the problem-solution mentality were limited to the 'me as disciplinary subject' *within* Teleco, and differed to the 'me as academically disciplinary' PhD researcher.

It was during the Easter of 1999, as I prepared for the Critical Management Studies Conference in Manchester, that my research began to tackle the issue of strategy as nihilism in the U.K., looking specifically at how it was both a loss *and* a gain. The quote below from Nietzsche captured for me the double-edge of the investigation.

'Nihilism. It is *ambiguous*:

A. Nihilism as a sign of increased power of the spirit: as *active* nihilism.

B. Nihilism as decline and recession of the power of the spirit: as *passive nihilism*.'

(Nietzsche, 1967/1901: 22)

Claims over driving strategy appeared to have been possessed by International through the ownership of the overall revenue number, with International mirroring opco structures in their articulation of self as strategic. What appears to be the resultant research question<sup>44</sup>, is the effects this had on opco practices. The previous years had seen how accounting practices had central effects in the propagation of strategic presence, enabling me to understand how presence can be rightfully claimed by more than one party, offering an explanation to the paradox of a strategic doppelganger. While the U.K. could feel in possession of strategy, the expansion of measurement practices was not perceived as required over and above those which specifically measured revenue. Without the security of strategic presence, however, the expansion of measurement practices began to be taken more seriously.

What is again of great interest are the multiple ways in which practices are passed through level by level. I was interested in how the becoming of the discursive absence of strategy constituted a new regime of practices within the U.K., with a different type of accounting at work.

## ***Spreading absence***

'In terms of the strategy...I only know the financial part. Shan will articulate the wider view'

(Robert: March 1999)

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<sup>44</sup> Many thanks to Margaret Lamb for making this specific suggestion.

In talking to Robert, I realised that even at M.D. level in 1999, there was still little knowledge or participation in the 'non-financial' strategy. It was only when I penetrated the confines of International Strategy (see above section) that I realised that even the non-financial strategy was expressed largely through the numbers. While the markets he could enter had been made clear to him, the route by which he should achieve this was left unsaid. Instead, it was the targets that were passed down to him as his 'need to know'. This had made me even keener to meet with Shan. Strategy in the opco was based around the revenue target, with the process of achieving that revenue left formally un-explicated. However, the rise of International meant that the previously experienced freedom was being challenged as the resource allocation process became increasingly opaque.

*GSL: How much input would you say you had into the strategy of the UK opco?*

Kate: Last year not a lot. But this year quite a lot. ...[...]

Once they decide to do it, then I'm involved but it's more this is what we're doing, get on and do it! So it's not always clear what our strategy is. [...]

Was brought up at the Intl Management course, from lots of people from all over Europe by people saying we don't actually know what our strategy is or the direction of the company.

*GSL: What do you mean by strategy?*

Kate: For me, I need to know where this company is going, in 1 year, 3 years, 5 years. Where are we getting to? What will our product set be? Are we going into this market? Or not. So everybody knows where to focus efforts. Acquisitions? Are we taking on another carrier? Are we thinking about it? Customers ask me about what our strategy is.... They need to know. I think the UK exec board should be looking at what's important for the UK, then see how it goes at International. Should be a two-way thing. Rather than just feeding down.

Maybe Robert talks about that with other MDs but not much info tends to come out. Tends to be a secret huddle of MDs and Noel, and not much fed back.

*GSL: Is that on purpose?*



Not sure. They must discuss at that level. So about cascading down. And Noel was told last year... we don't clearly tell the company where we're going.

I've met Shan once. I've worked closely with one of his team cos working on this project. But don't know him personally.

We have an extended exec board meeting once a month – someone could come down there and tell us about what has been discussed. Noel having an opp counsel where ideas are yes'd or no'd. And what they're thinking about.

(Kate, Customer Director: April 1999)

Kate was from Manumit, and had known Robert for about 3 years. Serving on the U.K. board of directors, she was frustrated in her lack of participation in strategy. She alluded to a very top-down structure between International and the U.K. opco as well as the poor quality of information fed down. I found myself speculating that as the company grew, the complexities of choices spiralled out and she could not be sure as to how to plan ahead. Her justification for needing this was expressed through customer needs, although a deeper rationale appeared to be her indignation at being excluded from the doing of strategy. There seemed to be a kind of inner circle developing within the opco directors and senior management, whereby some would have good contact with Shan, and others would not.

It was early Summer 1999 when I began to hear rumours about revenue targets not being achieved. The figures demonstrated that the opco was about 15% down year-to-date. Robert mounted a set of opco briefings to spread the word that performance was in a critical state. In particular, he was keen to tell employees as much as possible about the strategy and structures of the company. Near the beginning of 1999, he was already very clear in his understanding of the problem of buy-in. While he also consistently expressed the need for self-determination in the workplace, he described to me how there was a danger that this became anarchic, thereby reducing any sense of belonging.

'We need some bureaucracy... we need to make sure that we understand what success is for the individual. Fair enough we got revenue targets...but for the individual employee, does he/she feel involved? All they will be seeing is the complaints and the moans.'

(April 1999)

I found that individual employees sometimes not only did not know what the strategy was, they did not care. Upon introducing myself as a researcher into strategy, I would often find even at middle management levels that employees would shy away and lose interest in talking to me. I had to develop a knack for moving the conversation towards issues that concerned them, normally functional and 'operational' issues. The growth of the company had meant that it was only senior management that tended to have a serious opinion on strategy. I began to feel that perhaps strategy as absence only entered the discourse of management as those more junior barely engaged with the discourse of strategy at all (strategy as non-existence?). I recall the interview with an operations employee in 1998, Tarkan, who, in answer to my question of '*What do you think Teleco's strategy is*', reeled out the mission statement with great sarcasm. He was very clear that it meant nothing to him whatsoever in his activities. A different question evoked a telling response:

*Do you think Teleco treats its employees well?*

No. The ones who do well are not recognised, and the ones who slip are not brought into line. Some guys who work hard, and need training to bring out their true potential, are not recognised.... (It) doesn't matter what you do... whatever category you fall into, Teleco doesn't do well by you.

*Is that the general feeling?*

I don't think many people have thought about it to be honest.

(Tarkan, U.K. Network Operations: July 1998)

There were clearly problems brewing during 1998. Damien was extremely frank with me and was scathing about the previous year's efforts at planning.

'Last year there was absolutely no strategy which I'm sure you've already drawn conclusions from. But predominantly that was based around a lack of academia. This year we have a plan. Didn't have one last year.'

(Damien, Sales Director: July 1999)

It was flattering that he had such respect for academia, I thought. It was perhaps no coincidence that he was just about to complete his part-time MBA. He appeared to interpret strategy as planning and co-ordination in a rationalist Porterian sense. Emergent strategies were seen by him as not appropriate in Teleco's context. I felt that this could be either as a reaction to the lack of strategy, as my own reports for Teleco emphasised the need for structured planning and control, or because processual concepts had not entered the discourse of business practice sufficiently to be perceived as viable. I mused on the possibility of processual discourse being *critical* in a business context.

'90% of people in the company will say there is no visible strategy. We know the objective of Teleco... but that's not strategy...there's no meat. We know segmentation will increase revenue by 90%.... but there's no talk of implementation. ....

We need a strategy. If you're clear about a journey, you know whether you'll be taking the train, car, bike or walk.'

(Ruth, U.K. Quality Manager: 8/99)

Ruth was fiercely outspoken about the way strategy absence was impeding the performance of the opco. She desired more formal planning procedures so that she could make more sense of the direction of her role. Clearly, this was occurring at the same time as International was asserting authority over opco decisions, with resources

being taken away and centralised. As Ruth said *'the problems with matrix organisation...Intl tell the U.K. opco what to do but they don't do jackshit about implementing it.'* Robert echoed these concerns, asserting that:

*'We have moved from anarchic to alienated because of overbureaucracy. Remember we've had four years of no process. But we're now coming back to a middle... we wish to have guiderails for pragmatism.'*

(Robert: April 1999)

It was intriguing that within the same breath, Robert complained of overbureaucracy yet there was a continuing lack of process. I found that the former was a result of International's interference in matters previously seen as owned by the opco. This interference was not, however, clearly structured or planned. The latter point was due to an apparent inability of opco management to introduce measurement practices. While Robert, as M.D., was clear in his advocacy of this need, Ruth, as manager formally in charge of monitoring these practices, was clear that nothing had been done.

*'We need measurements of success to ensure buy-in of individual people. We must emphasise KPIs.'*

(Robert: March 1999)

*'Key Performance Indicators and ownership issues have not progressed... Two reasons. Systems have not been able to support realistic KPIs.... Big workload makes you...ignore KPIs unless somebody's kicking you up the butt to do it.'*

(Ruth, U.K. Quality Manager: August 1999)

While KPIs were not taken seriously, what began to occur now was the taking on of other measurement practices, those that brought into sharp distinction the contrast between external and internal performance.

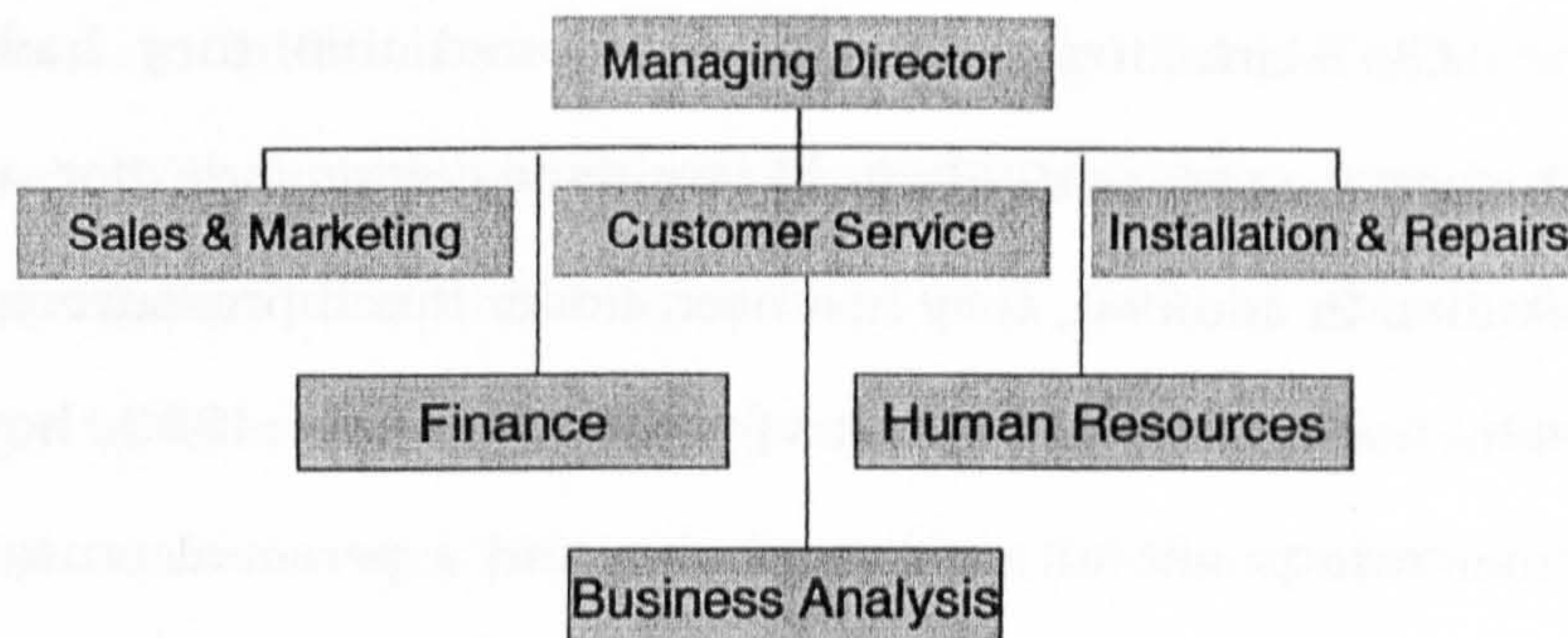


## ***Spreading practices***

I began to appreciate how the discursive absence of strategy was having effects within the opco. Even as I attempted to make sense of this, management were making their own sense of what they were doing, by developing activities which could simulate, or substitute for the name of, strategy. I found a new complexity of the presence/absence relation at the opco level and in how this was playing out under the new regime.

There was a visible promotion of customer-related functions to Executive Team level, as they were now visually positioned on the opco top level organisation chart, within the two departments of Customer Service and Installation & Repairs. These two departments in any event represented a re-consolidation of the UK 'opco' in the face of the wider Teleco reorganisation, the latter in particular structurally embracing the measurability of performance now formally required by OFTEL, the telecoms regulator. In addition, there was a new opco department, that of Business Analysis, formed to provide the opco with better management information, most notably with regard to the production of revenue figures. As Robert asserted during January, there was a '*planning model*' in evidence this year.

## U.K. Organisation



TELECO (1999): U.K. OPERATING COMPANY

To examine the spread of practices, I shall turn here to three specific departments: Marketing, Installation and Repairs, and Business Analysis, as these, in retrospect, showed very specific developments in accountability.

The integration of Sales and Marketing was an initiative which began in early 1999, stemming primarily from International's appointment of a new Vice-President in Sales and Marketing. The talk from this level was of segmentation, a strategic move which gave credence to Marketing practices alongside the revenue-generating purity of Sales. The importance of marketing concerns were at once recognised and underscored through the naming of the function as *Sales & Marketing*, with consequent discursive effects. These effects within the U.K. proved of key importance in the final stage of this study of accounting practice. For what became apparent within Marketing's discourse



was the embrace by the marketers of hardened accountability practices in their search for equal or priority positioning within the firm.

Speaking to Norris, the U.K. Marketing director, I discovered that they had been allocated no budget in the previous year (1998), in his words '*a certain indicator*' of their previously under-rated status. In addition, they had been under much pressure, as they were under fire from sales for an apparent lack of performance. In 1999, however, knowledge of the customer was promoted as paramount, and a personal crusade for Robert, as being critical to the whole process of selling. Speaking to Norris and then to Katz, it became clear to me that marketing management began chasing success through subordinating themselves (and in the process rendering themselves accountable) to quantitative objectives. These included such targets as number of leads generated, number of leads converted into sales etc., ascribing power to and deriving power from calculative marketing technologies (Knights, Sturdy and Morgan, 1994: 48-49; Morgan and Sturdy, forthcoming: 194). But this internal adoption of a new form of calculability was not necessarily rolled out easily to other parts of the organisation.

'GSL: *What about feeding the leads you've generated so far into the sales force?*'

Katz: Not doing very well... it's a big cultural change. They're not being sold the benefits of the feedback.. it's most frustrating. The feedback from Sales is poor. Not about the leads being bad but they don't comment on the data sets we give to them.'

(Katz, U.K. Marketing Manager: June 1999)

The difference between the top-level commitment to extending and integrating new numbers and the actual implementation was marked. The new calculable practices remained private and insular, and failed to gain assent from other subjects to being rendered accountable in this extended way. But then I found that there were few processes in place which employees felt they could rely upon or turn to, in order to

assist them in operating within a more joined-up entity. The integration was very much 'emergent', thus helping to maintain or reassert the split between higher and lower opco management, in much the same way as International failed to provide strategic directions in addition to the formal financial plan. Perhaps opco management felt empowered by their International concerns, enabling them to disown responsibility for implementation directives. A culture of a *lack of responsibility* certainly featured strongly in interview responses opco-wide. As such, the repelling of accountability to internal concerns was particularly striking in the context of Marketing's jostling for position within the organisational structure. Contradictions emerged between accountability for Marketing's overall positioning and accountability for individual performance, replicating the disequilibrium of the opco itself. Despite this, the willingness of Marketing to incorporate accounting practices was most noticeable.

Moving on to Installation and Repairs, the establishment of this department came at a critical time for Teleco.

*GSL: How much interaction do you have with other departments?*

A lot. This is quite interesting if you talk about my role in the £0-£100 million [revenue], and the £100 billion. In the £0-£100 mill, 80% of my time was facing outside the company, by bringing new business, so suppliers, competitors, all outside. More fun. As the company gets into the £100 billion bracket, that role changes completely, and you find that the broad 80-20 rule goes the other way, and you find yourself spending huge amounts of your time on internal activities. Dealing with lawyers, finance, IT, operations...

(Gilbert, UK Sales Director: Jan 1998)

Gilbert's quote sums up the cultural shift that he had encountered during his four years at Teleco. Throughout 1998, I began to notice increasing attention by both the



opco and International being focused on the support functions for sales. The sales force (driven by the then MD, Alex) was loudly demanding (and claiming a lack of) support from the organisation, in particular the old-Customer Quality department. This coincided with International stripping control over Network Operations away from the opcos and establishing their own core Network department. As such, International took over all engineering functions for the whole of Europe and Asia, leaving the opcos with responsibility to provide a working day-to-day service.

During this time, apparently out of the blue at first (having little initial real internal significance), the role of external regulatory bodies, in particular OFTEL, emerged as significant within the opco, through a focus on an externally generated set of numbers, OFTEL's CPIs (Comparative Performance Indicators) <sup>45</sup>. The CPIs are indicators which OFTEL publishes quarterly for business and residential customers, and which have been developed jointly by telecoms companies and consumer organisations, under OFTEL's oversight. With the widening range of service providers, the stated purpose of CPIs is to provide information to enable customers to make an informed choice, taking into account quality of service as well as price. They offer qualitative objectives that are then operationally defined in calculative terms, not dissimilar from the accounting-derived terms appropriated in Marketing. So we find:

#### Service Provision

'the ability of companies to keep to their promises to provide services'

Measure: % installed by Customer Due Date

#### Fault Repairs

'the ability to repair faults within target times'

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<sup>45</sup> CPIs were first reported in early 1998.

Measure: % repairs within Target Time

From the perspective of this study, the striking aspect about Installation & Repairs was its organisation as a new department around these quality-focused quantitative measures. While internal indicator statistics had been previously prepared, they were *'produced after the event'* (Kevin, Fault Manager: 8/99) and little management reliance was placed on them. Compared to the 'hardness' of Sales figures, and in the context of widespread dissatisfaction and distrust of available information, quality measurement had been relegated to a very secondary support role. But with the new requirement to report quality externally, along with the top management commitment to developing measures to go behind the sales numbers, there was an opportunity for numbers such as CPIs to take on a new significance.

So the emergence of CPIs can be seen as a sign of how far management was now beginning to accept that measurement was effective in non-financial as well as financial areas. It also proved timely as International's strategy (and associated discourse) of standardisation was causing much upset within the opco, and especially among the people involved in the old Customer Quality and Operations departments. One key battle that had emerged was over the degree of centralisation versus decentralisation, a battle in which International had won a major victory with the removal of network responsibility from the UK. Indeed this was perhaps the deciding blow, as the network is seen as the core of telecoms companies activities. Unease was therefore rife as employee roles were shifted into a new, *network-less*, opco. It was at this moment of stress and anxiety that Installation and Repairs was developed as a new department, and I would argue that the selective focus on CPIs cannot be dissociated from that.

'...whenever we've found problems with someone who supports us, we've tended to take over the function...'

(Dave, Installation & Repairs Director: July 1999)

Dave, the director of Installation & Repairs, was able, under the above circumstances, to amalgamate elements of the old Customer Quality and old Operations departments into the new form. He took a number of steps to produce a new kind of unity, in the absence of the old *raison d'être*. Teams which were previously geographically separate but which worked on complementary functions were placed together under the new Installation & Repairs umbrella. At the same time, producing quarterly statistics for both service provision and fault repair enabled a strong sense of purpose to be established within these teams. It did strike me that a real sense of unity emerged. However it was a unity in opposition: *against* International's colonisation of Teleco functions as well as *against* Sales' persistent and '*unfair*' criticisms of customer support activities. There was already a sense of 'oppositional culture' amongst these 'techies'. As Raj pointed out to me (in no uncertain terms) in 1998:

'I think my team do a f\*\*\*\*\*g good job! Nobody recognises them... they're unsung heroes. Nobody wants to know about faults, unless somebody screams. The director saying your service is crap, then we come onto the scene. But hundreds of faults that get cleared daily, there's no recognition as such. Just seen as engineers in the background.'

(Raj, Fault Manager: July 98)

In this spirit, the new express (and obviously widely internalised) mission of Installation and Repairs was to meet CPIs rather than the more 'obvious' alternative, the company's own KPIs. Thus was encountered here a particularly poignant and intriguing expansion in the discourse of 'managing through numbers' within the opco. For here was a set of numbers which had almost nothing to do directly with the strategic direction that top management wished to set, and which might well operate *against*, rather than in line with, their strategic plans. As Robert pointed out to me at the start of the year, opco

targets were revenue, margin, mix and customer satisfaction. The CPIs were arguably linked in some way (although see below) for customer satisfaction, but certainly would not appear to proxy well for the financial targets. But in the double conflictual circumstance (where the opco was set against International and the techies were set against everyone), it may well have been *the best* strategic option around, *precisely because* it tapped into and even celebrated strategy as absence.

In any event, while International's appropriation of the budget numbers and of the strategy to achieve them meant that, discursively, the opco was denied the comfort of identifying with strategy as purpose and presence, this general extension in management through numbers was the practice that it adopted. Within this general extension, the adoption of CPIs certainly did not seem to be dysfunctional, and may even have helped enable the consolidation of the opco into its new network-less form.

Thus I could hypothesise, post the CMS conference, that the removal of strategy as presence from the UK was instrumental in stimulating new practices to evolve. It is, of course, only one factor involved, but yet it launched a new level of mutual implication between accounting practice and strategy. For instance, by Summer 1999, Raj had considerably changed his perspective towards the opco, telling me that CPIs were being regularly achieved or even exceeded. Bearing in mind that in 1998, he was one of the most vociferous denouncers of opco management capability, this was a significant achievement. With his team in the same building, objectives firmly established and met, the respect for his department was significantly higher within the opco. As his departmental boss, Dave, said to me, *'it's got to be good when Raj isn't complaining.'*

So it could even be proposed that this move of adding the non-financial to the financial was an exemplary textbook move. But it was not a total solution, and should not be read as such. One concern that soon arose, for instance, was over the way that CPIs



began to effectively exclude (or downgrade) a focus on the 'real' customer from (or within) the management of Installation and Repairs.

'Continuous Performance Improvement. That's CPIs. To be honest, KPIs take a backburner. I don't really look at KPIs. CPIs is what the company is getting measured on in this country cos of OFTEL. When other countries deregulate, and CPIs are introduced, that will be the driver. If you try and introduce a KPI end-to-end from London to Milan, may go through Stockholm, there's not that enthusiasm to correct that little bit of measure. There is when London says I've missed my five hour target cos of Stockholm, so I'll route round you until you've got your bit right. So driver is the CPI cos that is what gets recognition outside the company. Within the co, you've got to make sure that other parts of the co are serving you well so that you achieve your CPI. But for me the driver is CPI not KPI. We'll get improvement in KPI through CPI... if the opco cannot produce CPIs, we're likely to lose business.'

The above is from Kevin, the senior manager in charge of fault repair statistics, and thereby of a key part of the monitoring and control process. He was extremely frank about the priority of the external measure, CPI, over KPI. But he himself then indicated the lack of linkage between CPIs and 'real customer' satisfaction.

'There is very little correlation between Customer Satisfaction and CPI delivery. We have repair delivery greater than 90% but the customer's perception of performance is not speedy delivery. It may be this is the third time this week I've had this. So you've cleared (the fault) in time but you don't ring me up and tell me. Some customers will want that but others don't. It's like with a telly repair, you get a replacement but might get annoyed that there's no remote, the screen's smaller etc. The two things are totally different. Not necessarily linked....

Customer Satisfaction might be seasonal, or linked to share prices, could be. If money's getting tight, they might get angrier...'

(Kevin, Installation & Repairs Senior Manager: July 99)

Kevin could clearly see the problem of 'getting what you measure' looming large as Fault Repair and Service Provision statistics rose, producing a non-customer-relevant rise in 'quality of service'. But at the same time, he was clear that he could not waste his time thinking about 'seasonal' matters, and that his attention had to be firmly focused on CPIs. So he had to acquiesce in keeping 'promises to the customer' that the customer might not want, insofar as this was what was calculated and managed by the CPI system. [To give an installation example. If Teleco failed to agree on the installation timetable suggested by the customer, but suggested an alternative date which the customer then was forced to accept, quality of service provision would be measured by the ability to keep to this renegotiated date, *ignoring the original date which the customer wanted.*] But it was not only the Kevins in the opco who saw this problem. As Robert put it:

'CPIs have become the tail that wags the dog...'

(Robert: August 1999)

The flaws inherent in using CPIs rather than KPIs became an issue of senior management concern within the opco as the realisation hit that the former might be having detrimental effects on customer satisfaction, and so revenue. A customer satisfaction survey was undertaken, the largest ever in Teleco's history, and the results were unimpressive (average ranking: moderate). At this point it was concluded (ironically on the evidence of still more numbers) that, far from helping the financial and non-financial parts of the company gel together, the introduction of CPIs had acted to further divide the opco. It was not enough that providing an alternative measure to revenue enabled a sense of identity to be established by Installation and Repairs. Since the metric was now definably at odds with the continuing revenue drive of the Sales and Marketing department, it had to be re-evaluated. [And perhaps the oppositional culture of the technicians could also be dealt a fatal blow.]

In a sense then a commitment to integration 'via the numbers' was being refined by paying closer attention to the question of 'which numbers' and the further, perhaps deeper, question of what key numbers 'really' signified. Ultimately this concern spread even back to the 'number of numbers': revenue.

'Everyone needs revenue in any function and they all have a different revenue report... What is revenue, what is the interpretation.'

(Martin, Sales Analysis Manager: August 1999)

The second department to be introduced in 1999 was that of Business Analysis, which came about because of increasing top management concerns over the multiplicity and variability of revenue figures. Its remit was to increase the quality of analytical information, focusing on Revenue Analysis & Commissions. Its introduction was the clearest sign of the concern that revenue *itself* had become the stumbling block for the UK opco, as different departments defined it differently, and as far as possible to suit their own political and organisational objectives. As Jarvis, a Sales Operations Analyst, confided to me, it was increasingly impossible to determine just what the revenue figure was.

Business Analysis was an amalgamation from disparate groups within Sales and Finance which had previously to produce revenue figures. Speaking to William, the newly appointed Director of Business Analysis (ex-Finance Director), the development of this joint department was designed to resolve both technical and 'turf' disputes by housing the relevant analysts in the same department, within the same building.

It was a fascinating situation, with measurement practices being at the heart of these two major opco re-organisations, thus reasserting the centrality of accounting practice

in would-be strategic change. But I could not help noticing how each of these reorganisations not only failed in its own terms, but how each actually made more likely the failure of the other. The CPI episode ensured that a major part of the organisation could now have a 'proper' (i.e. calculative) justification for focussing elsewhere than on revenue, thus meeting an espoused strategic aim, but in a way that failed to align with the specific strategic objectives. The new focus on 'getting revenue figures you could trust' was potentially valuable as a means of reducing a considerable 'moral hazard' problem. However it worked against the new wider strategic vision insofar as it sent a message that revenue was still the really important number, and as a solution it was too narrow and too late to do anything about the unilateral decision to focus on CPIs.<sup>46</sup> In this respect it was a classic accountant's solution in a context that now required a wider and more sensitive understanding of the power of accounting numbers and practices. This 'strategic' function emerged to deal with the revenue problems just as the issue had grown beyond revenue alone.

However, the pressures imposed by the need to continue hitting 'hard' revenue figures were likely to continue dominating the 'value' of hitting CPI targets, and I wondered just how long this disparity could be sustained. For the cycle of revenue and capital provided by International was the lifeblood of the UK opco, and as such formed the opco's bottom line, rather than CPIs. However, this split in the objectives of different parts of the organisation was not easily resolved.

One sign of continuing inertia within the U.K. organisation was the way the restructuring left untouched internal practices of informal management and communication. From an external perspective, substantial change had occurred both in

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<sup>46</sup> In discussions with Keith Hoskin during the preparation of a Strategic Management Accounting lecture at Warwick Business School.



the performance measurement system and the structure of the opco. Talking to employees, however, I felt that many of the old ways of organising managed to persist. This manifested itself most audibly in the complaints that continued to arise over the lack of cross-functional processes. Far from helping to resolve this, the appearance of the two new departments seemed to consolidate the *'silo mentality'* which had previously marked the opco's activity. Here I was intrigued to find that previously antagonistic teams, having been placed together in Installation & Repairs, were soon seen as 'giving grief' to other functions within the opco. Moving them into a more coherent and unified department, where they had a new sense of 'purpose' conferred through CPIs, again deferred the development of cross-functional practices.

Therefore within the opco, the continuation of function-specific discourses and practices led to feelings of lack of coordination, with localised forms of accountability as *distinct from* departmental/company accountability being sought and achieved by employees. While Installation and Repairs joined with Sales in their embrace of practices foregrounding individualised performance measures, other functions avoided the move towards hard internal accountability targets. This led to ineffectiveness in the pursuit of alternative agendas, such as Quality (which emphasised KPIs and cross-functional processes), as employees could see themselves as 'empowered' to avoid these apparently urgent calls for action. On the other hand, this loose accountability acted also to resist the infiltration of International discourses and practices, aided, ironically, by the inadequacy of International communication, monitoring and evaluation<sup>47</sup>.

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<sup>47</sup> As noted, Opco management did not always appear aware of what International are trying to achieve, either in the short or longer long terms, although this lack of understanding may have been a strategy of resistance in itself.

The outcome may not have been wholly due to internal problems (growth after all is a very tough strategy to achieve over the longer term), however it is perhaps unsurprising that reported revenues for 1999 were roughly 20% below target.

## ***Towards strategic planning?***

As 1999 wore on, I noticed with some despair that Robert's promise of implementing a planning model during the calendar year had not materialised. After much chasing, I managed to obtain a copy of the opco plan in August. Certain parts were still awaiting signoff and it was clear that the document I had was not 'active', as it had not been updated as events progressed. Indeed, upon reading it, many sections were already defunct. I was reminded yet again of the consistent deferral of accountability within Teleco, with regard to internal process and organisational issues at least.

Coming into Teleco in the new Millenium, I found that Robert had moved on from his post as M.D., and indeed left Teleco shortly after. It appeared that significant restructuring was taking place in terms of making International the source of management direction, thus virtually removing the need for an M.D. at opco level. A replacement had not been found by May 2000. Instead, the new European Group Director took over responsibility for the U.K.. Her objectives are worth discussing briefly. As per usual, there was a revenue target, but in addition there were satisfaction targets for customers and employees. I noted, however, that there was no stated strategy in her objectives, at least in terms of how to achieve these numbers. This appeared to reflect the continuing lack of direction from International to the U.K., and senior opco management confided to me that there continued to be a lack of strategy in the opco.

There was again talk of major changes in the opco with regards to formalising the approach. What springs to mind is an interview with Pete, an old-Teleco salesperson, back in 1997.

'with growth, (we are) now in the stage of where we need to think about formalising the approach'

(Pete, salesperson: May 97)

The apparent continuing inability of the opco to introduce formalisation was quite surprising. At the same time, the equally apparent ability of measurement practices to spread *once external justification had arisen* was clear. It was quite familiar, therefore, to hear the rhetoric of the new directors of the opco, with the new Business Development Director talking about '*machinising the approach*' and discussions of using the Balanced ScoreCard to bring a process mentality to the opco. The new Finance Director was similarly keen and especially emphasised the use of Key Performance Indicators to drive performance throughout the company. But this only reminded me that we had been here before, with the discourse of strategy failing to reconcile externally and internally focussed perceptions and actions, while practices of accounting and accountability remained focused primarily on hitting 'hard' external numbers.

But was this now the time when something would give? It was particularly intriguing to note the conjunction within the opco between the absence of strategy/strategy as absence and falling revenue growth. This conjunction would seem to have offered renewed influence to those calling for radical change and formalisation. But even by May 2000, the new integrative practices of performance management so heavily highlighted as necessary by interviewees had not materialised.

## ***Implications***

The experience I was able to trace through in the opco arguably gives a new kind of insight into the complex interactions between accounting practices and the workings of strategy, both as presence and absence. It is not just that the failure of strategy leads to its own re-intensification, but that, whether there is success or failure, and whether strategy functions as presence or absence, the spread of accounting and accounting-based practices seems to roll on.

So Marketing could be seen embracing accountability to hard targets in their attempt to re-position themselves within the opco. Installation and Repairs discovered the relevance of CPIs, in preference to the focus others had on revenue, and generated a new and coherent identity for themselves (both in their own eyes and the eyes of others). Business Analysis, born out of the failure to generate reliable or accurate revenue figures, can be seen as an attempt by opco senior management to reinvent themselves so as to be perceived as succeeding in a strategically relevant way within Teleco. Ironically, this enabled problems caused by the focus on CPIs to persist, and led to a failure in both departments to align in a wholly successful way with the redefined and wider strategic objectives of the organisation as a whole.

With perceptions of customer complaints rising, what emerged was a focus on statistics never previously seen within Teleco *except in the context of financial performance*. Now, in line with a recognition within the UK opco that quality had to be managed, as well as led from the front by sales, measurement practices were embraced by other parts of the opco. However, even here the historic role of accounting practices in constituting the



opco was, I would argue, a significant influencing factor. For too long had Sales been able to play their own master, answerable only to their own performance system. The relative intangibility of the performance measures developed in the support departments (along with the focus on external CPIs rather than internal KPIs) enabled Sales to maintain the perception of their numbers as being both most strategically significant and most objective and 'hard'.

Thus what had begun as a mapping of the opco's strategic vision and success through accounting numbers metamorphosed, as the responsibility for strategy was relocated at International level, into a mapping of success in the absence of strategy via an intensification and expansion in the use of such numbers. As strategy became an absence, I followed with fascination as numbers became the means to re-establishing a sense of direction and giving it to areas of the organisation which had previously had none. At the same time, this general centrality of accounting was given further expression through the new strategic numbers handed down by International to the U.K. opco. Thus accounting could be seen both as strategy's doppelganger, and as strategy itself.

## Overall Reflections

When I first came into Teleco in April 1997, I felt highly vulnerable, being neither confident as a researcher nor competent as a strategist. I was only there through personal contacts, and so living on borrowed time. It was therefore an extraordinary as well as complex experience to see myself grow as well as Teleco change throughout the three years of the ethnography. Being involved in the formative years of Teleco gave me a certain credibility through and beyond my research, as I began to develop a reputation of 'my own' within the opco.

The submission of my report to Alex in October 1998 was particularly important, in an unanticipated way, as I heaped praise on Robert, the Customer Director at that time, little realising that he would be Alex's successor. With the benefit of hindsight, my report was spectacularly well targeted. Upon meeting Robert in January 1999, I soon realised just how much he'd appreciated my praise. I began to see myself as a subject constructed in yet another way, sc. as external academic strategy expert, and as such one whose dispassionate advice could be relied upon. In terms of my overall identity, I would argue that this was a turning point with respect to my confidence within the opco. On top of this, I had almost two years of networking under my belt and my grasp of organisational issues was becoming quite strong. This, with Robert's personal support, gave me the strength to approach subjects such as Shan, whom I would previously have found highly intimidating. I found myself being able to articulate closely-argued opinions on strategy and process issues, which were seen by senior disciplinary experts as demonstrating a critical grasp of events within the opco and International.

This kind of observation of my own changing subjectivity seems to me integral to understanding the narrative generated here. I have in one sense attempted wherever

possible to let 'the events' speak for themselves, by following a chronological path of what happened. At the same time, the events include what was said to me as well as what was done in, or recorded about, various parts of the organisation. The 'reality' displayed here is therefore partial in a certain distinctive way. Nonetheless the access I was able to obtain means that I gained a sense of regularities in what got said and done 'in the name of strategy', not only within any one specific department but across a whole range of departments at opco and International levels. This I hope I have been able to relay here, noting my own multiple forms of attendance upon and complicity within this process.

I therefore hope that there are grounds, on the basis of what I have presented here, for suggesting that, if and when others begin to look across different industries and organisational contexts, they may be able to identify how certain supposed differences may prove not to be so different after all, at the level of practices. Also how there may be significant differences to be discerned, where previously all was silence. In that process strategy research may go forward with a heightened awareness of how far accounting practice is implicated in the doing of strategy.<sup>48</sup>.

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<sup>48</sup> In the course of which Pettigrew's (1985: 49) question can perhaps be posed in a new light, namely: 'I have in mind the question of what constitutes success and failure...'

# **(V) Theoretical Implications**

## **Introduction**

'...there has been little if any identification in mainstream management texts...of the importance of 'good' accounting practices in contributing to alternative approaches to the design of organisational strategy and structure, let alone any detailed identification of what those 'good' practices would be.'

**'The challenge therefore remains...to develop the *theory* of how business accounting became powerful, in such a way as to persuade 'mainstream' business and economic historians, and 'mainstream' organization and economic theorists that an understanding of accounting is vital, if not central, to their own agenda.'**

(Hoskin and Macve, 1999: 12)

From historical work to current research to future trends, the task for critical accounting is stated succinctly by Hoskin and Macve above. Within the Literature Review, for example, I have constructed myself as 'academic theorist' and provide a critique of academic writings from within this discursive perspective. Within the Empirical Study, I have constructed myself as 'ethnographic researcher', exploring the detail of life within Teleco, but recognising the dilemma of multiple selves as I shifted between perspectives. I retain, of course, the theoretical insight gained from my literature review but at the same time this is constantly moulded by the activity I both watch and partake in. It is within this chapter, that I attempt to synthesise these two perspectives and extricate a theorisation based on practices which can have generalisable implications. Patterns and regularities in the findings are thus explicated in terms of existing theories with a view to understanding how calculability and accountability spread across organisations.



Given the importance of Hoskin and Macve to this thesis, it is fitting to begin with a detailed comparison with their work.

## Comparison with Hoskin and Macve

'What is 'strategy'? [...] strategy is a form of 'power-knowledge'. However that does not mean that it has always had the *same* form. To determine the precise form, one must first examine the *practices* through which the 'doing of strategy' is carried on.'

(Hoskin, Macve and Stone 1997: 2)

The theoretical drive is clear. To understand strategic discourse, we must understand its practices. Through the radical insight brought about by the study of West Point and the Pennsylvania Railroad, we can appreciate that the invention of modern strategy is a product of managerialism. Hoskin, Macve and Stone's define managerialism thus:

'It is always about 'action at a distance', effected primarily through multiple forms of writing, and only secondarily through speech. It is 'grammatocentric' carried on via a constant stream of memos, directives, orders, budgets, accounts, evaluations, etc. It generates a whole set of variations of writing: pictorial, diagrammatic representations (the organization chart, graphics, tables, flow charts, matrices, now also available in computer graphics). But it is also action through constant examination and grading: of accounting data, personnel evaluations, norms and variances, targets and outcomes, projections and post-mortems.

[...]

Its orientation to time is – like that of accountability- towards the future, a future it strives to know by drawing on the medium of objectively measured past performance.

[...]

By extension of the simple originating practices in administrative coordination managerialism can know and control the furthest reaches of organizational space, and actively construct new scales of organizational complexity and size (e.g. divisionalization, matrix structures); at the

same time, it penetrates intensively down into every tiny corner of the organization. [...] specifically it is a grammatocentric panopticism.'

(Hoskin, Macve and Stone: 1997: 7)

Hoskin and Macve's contribution has been utilised within this thesis to reproach theories of strategy for failing to acknowledge the highly significant effects of the accounting practices buried within the genealogy of strategy. What is of import here is how and to what extent this criticism can be extended to the empirical context of Teleco. The key is whether the findings within 19<sup>th</sup> Century America are still applicable in today's business environment.

'While the UK in many ways retained its distinctive management culture, it has always been fascinated by US developments, and been eager to import at least aspects of American innovation. Today, the American model of calculative, managerial enterprise dominates.'

(1999: 21)

The transplantation of American practices into UK business is indeed apparent within the UK opco of Teleco, and not just because of its American parent. Both U.K. and American businesses display a predisposition towards stock market positioning, as it is here that demonstration of success or failure is most concrete. The American model of calculation at the end of the 20<sup>th</sup> Century is however not as monolithic as Hoskin and Macve imply.

'...the *practices* deployed by Tyler in undertaking his study, and subsequently required in managing the production system, were the same: turning all performance into writing, subjecting it to close examination and grading the outcomes, thus initiating a world where targets and results were endemically produced from the past into the future, becoming internalised both by their linkage to piece-rates and by strict factory time-keeping. This

analysis we then applied to Chandler's (1965; 1977) story of how multi-unit management was developed on the US railroads (e.g. Hoskin & Macve, 1994b). Here again we saw "administrative coordination" as developed through the application of these practices to the problems of planning, coordinating and controlling plant and personnel across extended space and time.' (Hoskin and Macve, 1999: 3)

The Empirical Chapter argues that the presence of these practices is immediately apparent in the telecoms industry through its reliance upon stock market mechanisms and the corresponding rationality of the valuation principle. Owning *at a distance* is critical in these global corporations and information is required to be summarised succinctly through multiple practices of examination. These practices enable analysts and investors to feel confident in the strategies of their corporations, being a means of measuring the performance of the directors entrusted to control. At this level, the power embodied within accounting numbers constitutes success, thus providing evidence of the presence of strategy. What is important is how and to what extent this kind of calculability has spread through Teleco. Externally, financial performance figures propounded a discourse of success (at least for 1997-1999), taking for granted the ability to capture strategy through numbers. Such a relation is a condition and consequence of the explicit strategy of the company, explicated to investors and analysts through both words and numbers. It is the numbers, however, which circulate throughout the opco and International, as the words are too over-simplified to constitute a presence of strategy in 1998-2000. Thus on this level, accounting practices have been essentialised within U.S. business, giving continued credence to the strength of the regime uncovered by Hoskin and Macve.

It is clear that the practices defined above are imperative for the effective operation of contemporary stock markets. Grammatocentrism, examination, grading; these are all vital for analysts and investors. In light of the rush on telecommunications and Internet

stocks in 1999, these pressures have doubly intensified, being a result both of the high capital growth recently yielded (thus focusing attention further) as well as those industries themselves dramatically energising the flows of available information. This virtuous cycle has seen the panoptic vision vividly constructed by Foucault become a reality in late 20<sup>th</sup> Century investment. As such, a grammatocentric mode is now necessary in order to function 'at a distance'. This is, however, not applicable *equally* to both the inside and the outside of the organisation. Drawing on my experience within Telecom, it is arguable (especially in the early days), that this managerialism, in the form of revenue pressure, '*penetrated intensively down into every tiny corner of the organization*' (Hoskin, Macve and Stone, 1997: 7). This pressure was tripled in its force, acting through sales, network as well as budgetary activities to underscore the reality of revenue target achievement.

There is a danger, as Hoskin and Macve (1999: 17) admit, '*to see everything modern as yet another "accounting"*' and here I feel obliged to build on this acceptance of the totalising tendency in their work, beginning to explore just why and how accounting practices are manifested differently within and outside of the organisation. So taking this analysis one step further, we expect to find that:

'[a] leading characteristic of "modernity", certainly by the end of the 19<sup>th</sup> century, is the creation of "calculable persons" in "calculable spaces" (Miller, 1992): a new objectification of human performance and normalisation of individuals within large "statistical" (and increasingly "insurable") populations, linked also to new modes of State intervention in economic and business affairs.' (Hoskin and Macve, 1999: 20)

What the Empirical Chapter shows is that calculability has not diffused uniformly through the organisational structure down to the level of the individual. There has been



strong resistance to the introduction of Key Performance Indicators, measures which hold the promise of capturing individual activities.

'In the business context, the distinguishing features of this new human accountability included:

on the accounting dimension, at shop-floor level the development of standards of work performance as a basis for fixing piece-rates and wages, thereby providing both discipline and economic incentive to the work-force to internalise business goals so as to begin to become calculating, "governable persons" (Miller & O'Leary, 1987); and at higher levels of management a comparable, increasing emphasis on "performance" measurement, in turn increasingly reflecting alignment with top management emphasis on "return on investment" (ROI), which in turn again linked the accountability of top management through financial accounting to owners', and ultimately to stock-market, returns;

on the organisational dimension, a new emphasis on formal structure, which in the USA culminated in the "divisional" or "M-form" organisation of profit centres, thereby carrying through the linkage between accounting and organisation, and between strategy and structure.' (Hoskin and Macve, 1999: 21)

The accounting dimension above is virtually synonymous with the rationale for Key Performance Indicators within business discourse. On the one hand, therefore, accounting has penetrated conceptualisations of top management performance and formal structure within Teleco but critically is not extended to the Tayloristic evaluation of individual performance.

A number of explanations arise for this, notably the perception of turbulence prevalent within the telecommunications industry and the time constraints placed upon management. Complaints of 'no ownership or accountability' were as common in May 2000 as in Summer 1998, and there was clearly substantial inertia within Teleco when this issue was ever raised. As a senior manager pointed out to me in May 2000, a

culture of blame had arisen within the opco and International, and this was potentially a reason for the fear of introducing more rigorous accountability systems. These are the expressed reasons for the lack of KPIs, but do not appear completely convincing. A deeper rationale for this continual roll-back of accountability can now be unearthed by examining the ways in which strategic discourse divides the external from the internal. It is critical that value is captured in a concrete and mobile fashion for the sake of external observers. Internally, however, this practice is conspicuous by its lack of uniformity throughout the organisation. Dissimulation is in play on each side, constituted through practices, but in different ways.

The case of Teleco demonstrates, therefore, that these practices are both resisted and embraced at the level of the calculable person. While the activity of the opco, International and functions within them were subjected to the external gaze of accounting-derived strategic practice, this was not extended universally to the individual performance of the employee. While Sales personnel were calculable in terms of the revenue they achieved, they were left apparently free to determine the methods which they used. These self-disciplinary effects had strong disorganising effects especially in the early days of Teleco, leading to perceived uncertainty in cross-functional processes. Informal pathways were utilised at the expense of setting up organisationally-wide processes, creating significant disorder in the Customer functions. In 1999/00, the perceived loss of strategy in the opco led to numerous practices of substitution, incorporating Functional Targets, CPIs, revenue analysis and the Balanced Score Card. Indeed, the calculability inherent in a revenue-driven organisation is shown within Teleco to extend heterogeneously throughout the departments, with, for example, Sales being monitored by revenue-based commission targets and Installation & Repairs being monitored by CPIs. People (as non-grouped groups) conspired to engineer differentially constructed 'free zones'. What was noticeable, however, was that the perception that the lack of clear strategy for the opco

meant that any internalisation of business goals, essentially any other objectives apart from those explicitly reported, was left ad-hoc and unstated. Thus, these practices extended the potential spread of a grammatocentric panopticism, yet the divergence of their effects meant that perceptions of instability continued. As management sought more urgently for formal cross-functional processes, frustrations stemming from their employees' continued reliance upon informal, politically-weighted processes could only increase.

'...the double paradox that emerges out of the fact that strategy's great success (like structure's and accounting's) lies in its ability to turn both the world and time into a space for writing, examining and grading. [...] First, concerning time, strategy will (like accounting) be most successful where the future is like the past (since what it writes is the past re-written, however sophisticated its rewriting) but that is when it is most unnecessary; meanwhile, it will be most necessary when the future is different from the past, which is when it will be most useless. But, second, it also confronts a spatial complement of this temporal paradox – i.e. that in terms of controlling organizational space, it will always be, through its deployment of disciplinary practices and its alliance with structure, most apt at dealing with the space in-here; and it is therefore not surprising that strategy as practice (military or business) devotes most of its real-time effort to controlling that space (through the various mixes of strategic centralisation and operational decentralisation). However, strategic success actually needs control of the space out-there, where the enemy/competition lies: but that is where strategy proves so easily disproven and overturned, whether by counter-strategy or simply by events.'

(Hoskin, Macve and Stone: 1997: 21)

The findings from Teleco now enable the above double paradox to be further explicated. Strategy is undeniably reliant upon the future being an extension of the past. The very idea of strategy is contingent upon prediction of an unpredictable future, thereby rendering strategy imprecise. It is not appropriate in high-technology industries to confer upon either management or observers a naïve belief that strategy can be firm.



Indeed, the level of perceived uncertainty is decidedly high as the prevailing discursive regime is one of anxiety instead of security. The continuing behaviour of share prices failing to submit to fundamental analysis (e.g. that predicted by P/E ratios) is perhaps instrumental in this construction. Strategy requires a supplement, and the supplement 'to hand' proves to be that of accounting. The prediction contained within strategy can be verified (at least partially) through the supplementary achievement of accounting targets. Telecom's stated strategy is extremely general and simplistic, on the one hand lauded by the stock markets for its confidence, criticised by those within the company for its irrelevance to implementation issues. Through quantification practices, its strategy can be measured and thereby success can be graded. It is thus made possible to announce a strategy which promises to achieve certain financial results *which to some degree can confirm or deny the retrospective presence of strategy*. I am asserting, therefore, that neither strategy nor accounting within Telecom are in themselves sufficient, and it is the study of the interpenetration of their practices and discourses that is so fruitful. The impossibility of predetermining whether a strategy will be successful is therefore overcome through a combination of the strategy's rhetorical value and the belief that Telecom will achieve predicted financials. Hence the temporal paradox so evident within discourses of strategy is partially resolved through the way in which future results fold back into the shaping of the *perception* of a strategy. The interpretation of strategy is thus a combination of past, present *and* future, in a way which leaves any particular point in time contingent upon an unknown future. I feel this forms a partial resolution of Hoskin and Macve's temporal paradox, demonstrating how accounting practice is embedded within strategic discourse in a unsettled synthesis of anticipation and realisation.

The second paradox takes on a different twist. The impression is given of control of in-  
here, as performance of opcos and International is presented in terms of financial expectations and achievements. Externally, such apparent control, reduced as it is to



numbers, is sufficient to indicate fast International growth, which is considered a critical part of a global telecoms strategy. Establishing this apparent control is not necessarily a precursor to disciplining space in-here as the presence of strategy from an external perspective does not immediately correspond to a manifestation of that same strategy in an internal context. The two aspects of strategy must not be conflated, as this conceals a vital part of strategic practice. It is the representation of in-here that is paramount, and this, drawing on the detail of Teleco, is constituted through examination practices in a way which does not map in any immediate or obvious way onto the internal experience of control in-here.

The construction of the meanings of strategy is thus a violently complex process, with apparent truths sympathetic to complete reversals. Through a symbiotic alliance, what occurred in Teleco was a discursive re-constitution of what was seen as a successful strategy through complex changes in accounting practices. These changes constituted an *absence* at opco level in addition to a demonstration of financial under-performance, and thereby an *inadequacy* of opco management at International level.

# Exposition

'...the orthodoxy [of strategic management] is...biased towards binary logic...[...]

[Derrida] aimed to show that rationalization seeks to hide contradictions. For him, two terms of a contradiction are not peacefully co-existing *vis-à-vis*, but rather are linked by a violent hierarchy. His process of deconstruction aims at eliciting this hierarchy.'

(Calori, 1998: 294)

Calori's insight is that axioms of strategy can be shown to be actually doubled terms, where the lesser term appears to have been violently dominated, yet continues to dominate. The empirical chapter draws out in particular the presence/absence relation as well as the way in which this is played out differentially between external and internal contexts. I shall assert that the roles of accounting in such an explication are critical as well as unyielding in contemporary corporate life. This is, I must stress, far from being a simple deterministic explanation. It is not surprising that the practices described have not been able to colonise uniformly the discourse of strategy. Strategy discourse as propounded by management experts has created a distinction (albeit partial) between the external and the internal of the organisation. Concepts of the environment and the organisation were born, ones which will affect how practices spread throughout, preventing any natural folding-in of the external to the internal. The case of Teleco demonstrates that this dissimulation only becomes apparent with a deep study into the organisation, one which penetrates the façade of formal accountability systems.

'There are two ways of interpreting such binarity: (a) by placing the emphasis on the two separate terms, or (b) by focusing on the division boundary *between* the two terms. (...) To understand (b) requires that the division between terms be conceived no longer just as a separation but also a structure that joins terms together, i.e. division both separates and

joins. In fact, it is the act of separation which, paradoxically, creates the perception of something that is also whole or unitary.'

(Cooper 1990: 173)

Drawing on Cooper (1990), strategy is positioned at International level as being focused upon the external. The internal is, however, never just separated and joins onto the external through the disciplinary visibility conferred through the spectacles of accounting practices. *Within* Teleco, strategy is made successful through the achievement of revenue targets. This has opposing effects, promoting both constraint and freedom. Throughout 1997-98, the achievement of targets by the opco enabled the lack of explicit strategic direction from International to continue, simultaneously creating a perceived external presence of strategy through the numbers as well as stimulating a feeling of strategic presence to be evolved in the opco, within the numbers. Strategic presence extended throughout both the external and internal of the opco. I assert the above with a warning. Outside of Teleco, revenue target achievements are insufficient in themselves to denote strategic success. The complex interplay of accounting practices and strategic achievements is not tackled within the Empirical Chapter. What is covered is how these practices construct the internal of Teleco, as well as the boundary to the external.

Teleco further illustrates how the assumption of presence within management discourse obscures the oscillation between presence and absence, a play which is productive as well as being a product of the work of accounting practices. As Inkpen and Choudhury (1995) argue, absence in strategy should be taken as a serious phenomenon. Firstly, the early period of Teleco (1997-98) reveals the ways in which accounting can create strategic presence in different ways at different levels. Secondly, even at the 'core' of doing strategy, International Strategy, presence and absence are intertwined, with the critical importance of Wall Street indicators (including of course revenue targets) in

determining capital allocation. Thirdly, strategic absence stimulated strategy-simulating practices, a different kind of presence, in the U.K. opco 1999/2000. There is a pivotal role of accounting in circumscribing the domain of what can be called a successful strategy, and therefore how practices will spread and circulate. Following John Law's (1994: 267) cryptic pursuit of the non-strategic organisation, strategy can be investigated along the precarious fold of presence/absence.

As a way of looking elsewhere, we can here raise the case of Cisco, a leading global provider of telecommunications (including Internet) technology and equipment, analysed within Kalakota and Robinson (1999: 75). Cisco's strategy is one of earnings growth through acquisitions, a strategy that makes explicit use of the value constituted through as well as within stock prices. *'A rising stock price is a critical element in modern business strategy because it provides currency for companies like Cisco to use stock to buy other companies.'* (1999: 75). Purchasing companies is made possible through the confidence the stock market has in Cisco's strategy of acquisition. Stock prices become more than just the validation of strategy, they become inherent in the strategy itself. The simple act of strategically purchasing a company is not, however, sufficient, as the integration of acquisitions is just as critical. How, though, can the success or failure of integration be gauged? Revenue figure growth meeting expectations is perhaps the single most deciding factor in today's stock market, thereby appearing to confirm that the internal merger took place cleanly and smoothly. The experience of Teleco begins, however, to undermine the total coherence of this presumption, revealing just how messy and problematic (despite strong combined revenue growth) a large merger situation can be.



## Augmentations

This convergence of the external and internal is, of course, one of the very presuppositions of classical discourses of strategy. Porter, for example, made such headway through his characterisation of the external environment as controllable. *Strategic* companies would analyse this and position themselves accordingly. The internal then needs to be mapped onto the external for this 'strategy' to be effective; this being achieved through the value chain. As such, there is a fundamental reliance upon costs and revenues (the latter being value from the buyer's perspective) both within and outside of the organisation. Like Porter's analysis, Teleco appeared to be strongly influenced by accounting practices. The presumption, however, of accounting as mirror means that the circulation and reproduction of these practices is left unanalysed. Porter's (1998/1985) book is subtitled '*creating and sustaining superior performance*'. With the value chain as the representation of the firm, different strategies are proposed which promise to maximise value in different ways. This approach, drawing on Teleco, can now be critiqued as constantly blocked off. In a reversal, strategy is practised through numbers<sup>49</sup>.

The ways in which practices in Teleco were manifested defied the economic rationale so pervasive in Porter. It is fascinating, however, that Porter unwittingly focused on the construction of an image which carries great external weight, one which can persuade the stock markets that strategy is in place. Whereas his approach has serious limitations in capturing the process and practice of strategy, it does appear to capture the 'what' of strategy and thereby can contribute to the delivery of a successful strategy.

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<sup>49</sup> In addition the linear time-space model he presents neither always holds true for successful progress nor for the organisational structure.

As so amply demonstrated by processual critiques, however, his discourse has been exemplary in its obsfucation of internal processes, such that the achievement of success has become disjointed from any appreciation of the internal reality. Ironically, these same critiques of rationalist strategies have introduced a supra-rationality drawn from behavioural science. This provides rhetorical power but fails to either recognise the dissimulation of truth speaking discursive formations which pervade managerial practice or explain firstly how strategy is implemented and secondly how performance can be strong despite a lack of strategic plans and decisions.

At this point, I shall turn to two key empirical papers to further explore the theoretical implications of the Teleco study. The first, Smith and Zeithaml (1999), is striking in that it covers the same industry, adopting a processual viewpoint. The second, Goold and Campbell (1987) is chosen as one of the strategic styles it covers is, at first glance, very similar to that experienced in Teleco<sup>50</sup>.

Smith and Zeithaml (1999) explore strategy in the global telecommunications industry from the perspective of the U.S. regional Bell operating companies (RBOCs), examining the changing role of International activities over an eight year period (1984-1991). The time frame covered is at the turning point for deregulation in the U.S. telecommunications market and so entirely predates my study of Teleco. There are, however, striking similarities *as well as differences* with the international expansion process they describe, the latter highlighting their inability to recognise the effects of accounting practices. They characterise the first phase through '*opportunism and experimentation*' as International managers began to dabble in an uncoordinated way in international activities. The importance of entering Europe was undeniable, indeed, *self-evident*. '*The RBOCs had a herd mentality in entering the international arena*' (Mason,

1992: 15; quoted in Smith and Zeithaml, 1999: 48). Once one company, Horizon, set up an international subsidiary, the others felt compelled to follow, in fear of losing their competitive edges.

This discourse of 'me-tooism' was strongly in evidence at Teleco, at least in terms of clarity of direction received by the U.K. from the U.S. In fact, this was the term used by Colin, the M.D. during the start of my study. The account of Smith and Zeithaml is a wonderful exposition of the uncertainties rife in high-technology industries. Time constraints and lack of reliable information wreak havoc on the perceived imperatives of future-planning and coordination. What emerges as a material force, however, is the practice of accounting within that. Smith and Zeithaml (1999: 51) highlight the fact that International investments were of a size that was considered "*pocket change*" or "*on a shoestring*", therefore warranting little U.S. management attention. They predict that as this amount rises, so will the deliberateness of the strategic processes. Hence, this changes from Phase 1's '*emergent and generative*' to '*transactive, learning*' in Phase 2, and finally to being a '*legitimate*' part of the global strategy in Phase 3 (1999: 59).

This provides a first explanation for the changes experienced in Teleco but does not uncover the deeper complexities that were found. Put crudely, their model of international expansion processes indicates that *strategies* emerge as the level of resources invested increases. However, this ignores the complex play of practices which enable the affirmation of strategy as successful, thus establishing the base upon which further investments can be justified and undertaken<sup>51</sup>. During the first phase of Smith and Zeithaml's model, '*opportunism and experimentation*', the level of resources invested

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<sup>50</sup> This was pointed out to me during in-depth discussions with Robin Wensley, early 1999.

<sup>51</sup> This may be an indication of how the stock market has changed between the 1980's and 1990's, as analyst perception has expanded to incorporate global, as opposed to U.S. centric, concerns.



in International activities appears to negate the need for a strategy. This enables learning to continue throughout the *'growth and commitment'* stage 2, before being consolidated in the final level of *'strategic growth'*.

However, this begins to look incomplete. The presence of strategy I found at the start of my study was in fact gradually eroded for the U.K. as International structures were formed around them. As the level of resources required by the U.K. grew, so did the perceived need to think more *'strategically'*. This manifested itself in two broadly conflicting ways; firstly through opco management demanding to know why resources were not available for the largest revenue earner in Europe, and secondly through International management attempting to set their own strategic agenda. Constituted through different practices, it was understandable why opco and International were clashing. This fits perhaps into stage two, where *'international managers pursued many deals and began to make sense of their top managers' general directive to build a global presence'* (60). This, interestingly enough, sounds very much like the assertions International managers made to me to justify their presence. Placing this into the context of the fierce turf battles occurring between opco and International, it becomes less convincing as a final account of what was happening. The distinction between International's expressed rationale to undertake strategy and International's desire to justify its very existence becomes blurred. Smith and Zeithaml continue to argue that in this phase, *'a strategy had not been identified, international expansion activities were transaction oriented and deals were not compared to ascertain strategic fit.'* (60)

As their presence grew, International management had growing exposure to different Wall Street indicators, these being used to build up the broader picture around their overall revenue target. At the same time, the opco continued to subscribe to their revenue target. The expressed external strategy of International was very clear in Summer 1999, to be a driver of a global strategy across Europe and Asia, while being



accountable to financial targets. This perhaps fits into the 'strategic' stage 3 of the model, being '*represented by a smooth progression representing additional international investments fitting with an identified strategy*' (1999: 58). However, there is a potential conflation of the external with the internal happening within their model, made apparent when evidence from Teleco is drawn upon. Internally, a power struggle was in evidence, as both opco and International attempted to assert control over strategy, with the U.K. wielding the logic of accounting practice, and International brandishing the logic of strategy discourse. As the level of committed resources grew, so did the complexity of the practices that circulated. Far from simply increasing the 'strategic-ness' of activity, this led, in the final stage of the case study, to rising claims of strategic absence in the opco. Critically, this stimulated alternative measurement practices in ways which had major restructuring effects for the U.K.

Drawing on Teleco, it now becomes apparent that the smooth evolution of Smith and Zeithaml's model does not satisfactorily describe events, as practices of strategy at different levels of the organisation cannot be so easily combined. Indeed, if the question of absence was ignored, as it is within the majority of the literature, the introduction of CPIs and talk of the Balanced Scorecard could be encompassed within the growing dominance 'of strategy'. In the light of the above analysis, this can now be perceived as inadequate, as the powerful effects of the practices at work can indeed be analysed and in some way understood.

Turning next to Goold and Campbell, Teleco's structure appeared to be a manifestation of their (1987) '*financial control*' style of strategy, where formal strategic planning, over and above the calculation and dissemination of the annual targets and budgets, is perceived as inappropriate.

'Financial Control companies focus on control, defining simple, clear objectives and controlling against them. Failure to perform brings immediate danger to the responsible management team; while success is rewarded with money, status and additional responsibility.'

(Goold and Campbell, 1987: 126)

They examine how financial figures can be used to '*push strategy down to the level of the[] profit centres.*' (1987: 151). Thus the HQ chooses to devolve strategy within a policy of decentralisation. In Teleco, however, this was not all that was happening, as financial control was also used to *exercise* strategy. This practice helped to solidify the external perception of a successful strategy, demonstrated through the achievement of revenue growth figures. Bound explicitly within this external discourse of strategy was the practice of capital allocation, forming the cycle of revenue and capital favoured by Wall Street analysts. Goold and Campbell's analysis can therefore be extended through the appreciation of how practices themselves have differing effects of power and knowledge. Financial control *in-itself* tells us nothing about the presence or absence of strategy. In Goold and Campbell's companies, accounting practices were used by the HQ because financial results were the main priority. This led in general to a combination of '*little corporate strategy [and] cautious business unit strategies*' (1987: 139). What is thereby excluded is the consideration of how financial control can be used, in fact, to *demonstrate* the existence of corporate strategy through the achievement of performance indicators. Accounting practices in Teleco enabled *both the centre and the subsidiary* to have claims over strategy. The oversimplification of accounting knowledge within strategy discourse obscures the powerful effects of the practices.

Goold and Campbell display a bias towards agency desires, which perhaps explains how they produce their categorisation of three different strategy styles. The study of practices produces, at least in Teleco, a far more complex picture. The rise of International was disruptive for Teleco, as the clashing practices of country and matrix

accountability focused attention on resource allocation as an arena for conflict. This indicates a move towards the 'strategic control' style as strategic criteria were being used to set project priorities. However, the planning process was contained within International, so that the U.K. opco continued to only see the budgets that were produced out of this. By 1999, U.K. management were still ostensibly within a financial control regime, despite the move within International to a 'strategic planning' style where strategy was taken decidedly away from the opco. International appeared to be run from the U.S. using a financial control style which would explain why they were unable or unwilling to give clearer directions to the opco. As such, calculative practices remained dominant at each level, even as relations between levels were made more complex through International management attempts to establish their coherence and identity. There were deeper rationales to stated objectives, underpinned through the powerful effects of practices.

The last stage of the Teleco study, where calculative practices spread across the opco, is ostensibly a manifestation of Goold and Campbell's Strategic Planning style. Opco management were now relegated to proposing strategy, as this was now being practised within International, along with resource allocation. In other respects, however, many of the Financial Control characteristics remained. Budgeting, for example, was still the central focus of the planning process, and International and opco management continued to problematise the clarity of themes and thrusts. It is perhaps not surprising that opco management, in their confusion, sought alternative practices to attempt to overcome the absence of strategy they perceived. Indeed, this would help consolidate the appearance of a 'strategic' style despite Wall Street's continued perpetration of revenue as a success indicator. Similarly, Smith and Zeithaml could tie this into their third stage '*strategic growth*' where International activities now become an integral part of U.S. strategy making. This would appear to make sense within Teleco, with the U.S. CEO sending over his adviser to the International Strategy team in



August 1999. This contrasts, however, with the absence of strategy now found within the U.K. opco.

## Summary

'Thus it has always been thought that the center, which is by definition unique, constituted that very thing within a structure which while governing the structure, escapes structurality. This is why classical thought concerning structure could say that the centre is, paradoxically, *within* the structure and *outside* it. The center is at the center of the totality, and yet, since the center does not belong to the totality (is not part of the totality), the totality *has its center elsewhere*. The center is not the center. The concept of centered structure – although it represents coherence itself, the condition of the episteme as philosophy or science – is contradictorily coherent.' (Derrida, 1978: 279)

Derrida's paradox of the center is intriguing as it draws parallels with the analysis of how corporate headquarters can control. His argument, however, brings us to a halt. A contradictory coherence is uncovered yet left unresolved. Through an understanding of practices, however, we can first reveal that the center does not escape structurality. If both the center and the structure are indeed products of practices, then they are bound by the same power-knowledge regularities, even as these are played out in differential ways. Hence, the concept of the center being somewhere other than at the center can be unravelled through the study of how practices will constitute this very center. As such, the analysis can focus on the underlying power relations which constitute knowledge of both centers and structures. Furthermore, absences as well as presences can be appreciated, with a juxtaposition of opposites being made not only visible but indeed critical as a constitutive force.



This chapter has re-analysed certain key works from the literature, attempting to further the critical study of accounting and strategy as inter-subjective practices and discourses, following how they worked to blur the boundaries between the inside and outside of the organisation, thus providing insight into the regularities that persist. I have drawn in particular on the play of practices experienced in Teleco, applying them to develop further the empirical research that exists. While this can only form a preliminary re-theorisation, it is my hope that this demonstrates a potential way to re-view the roles of accounting within strategy.

## (VI) Conclusions

'Setting prices, determining values, contriving equivalences, exchanging – these preoccupied the earliest thinking of man to so great an extent that in a certain sense they constitute thinking as such... ...man designated himself as the creature that measures values, evaluates and measures, as the "valuating animal as such." (Nietzsche, 1967/1887: 70)

As I began with history, so I shall conclude. It is indeed fascinating that Nietzsche identified the accounting practices of measuring and valuing as intrinsic to the very thinking of 'man', as it strongly emphasises just how pervasive or timeless such practices are. A certain invisibility is therefore not surprising, as these practices have been internalised so deeply that the powerful traces of their constitutive knowledge are today more or less erased. It would not be a reasonable interpretation of the quote, however, to assume that these practices remain stable in their effects over time. Different times and spaces will be constituted in different ways, akin to a kaleidoscope rather than some thing stable. This genealogical approach was adopted by Hoskin *et al* (1997) in their critique of strategy, opening up in many ways a new field of study.

It is the inauguration of accounting practices as strategic which has been the focus of this thesis. While advances have been made in both Critical Accounting and Critical Strategy, I felt that there was scarce research being undertaken at the intersection of these expanding fields. Taking the basic critical concept of accounting as constitutive and applying it to a re-reading of both the strategy and accounting literatures was a means of establishing limitations of existing works. I hoped to present considered critiques of three dominant schools of strategy, attempting to remain (as far as reasonably possible) faithful to the works covered, using their own words and phrases.

in a deconstructionist style. It was never my intention to show how the primacy of strategy over accounting should be inverted. Instead my re-reading was aimed at showing how accounting practices are constitutive of strategy in ways which normally lie hidden *even as they circulate*. While advancements have been made both in re-conceptualising strategy and re-conceptualising accounting, little has been done in re-conceptualising how accounting is perceived *within* discourses of strategy. I concentrated largely on the processual and critical strands, as these presented perhaps the greatest challenge to any re-reading. Both propagate characteristic developments in strategy discourse, and yet both reduce to the same unreflective characterisation of accounting as mirror, one which joins them with the rational strand which they both attempt to supersede. It is my hope that the rectification of this oversight has commenced within this thesis.

At the same time, the literature review enabled the emergence of a theory of practices, drawing heavily on the methodological pieces of Hoskin (1994) and Foucault/Florence (1994), also being attuned to the developments made within critical studies of strategy and accounting. I attempted to synthesise their insights into a stance which re-constitutes conventional approaches to ethnography. A theory of practices was proposed, one which undermines the dualism of realism and relativism through an approach which views the individual and the social as mutually constituted. As such, the quandary of the sovereign rational subject is avoided, making redundant the usual question of generalisability. The case study is not to be seen as an atomised version of reality or generating generalisations at the level of 'the organisation'. Ethnography as practised within this thesis is a study of the world and our selves in their specificity and regularity, focusing on the role of practices and discourses in our constructing of both.

The empirical study was always a focal point for this thesis, as it was one of my aims to bring critical-theoretical findings right into the contemporary business context. Being

driven most visibly by the accounting-centric practices of the stock market, the telecommunications industry was most apt for the study. In addition, it was fascinating to attempt to penetrate a highly private technology-focused organisation, one whose doors were usually closed to the outside world. Such a deep study became my intention, after reading the excellent work of Kondo (1990). As such, it was the complexity of the relationship between accounting and strategy, following the early example of Roberts (1990) and Dent (1990), which demarcated my field of analysis. The awareness of my own changing subjectivity proved critical in letting the 'events' speak for themselves, mediated through my constituted perceptions. Deriving from this, a central empirical finding was that the study of presence for either strategy or accounting was overly partial. Allowing for the oscillation of presence and absence was critical, in hindsight, for the appreciation of how practices spread throughout Teleco. Indeed, even this was insufficient as a doubled yet differentiated presence of strategy was in evidence within the earlier part of the study, constituted through practices of accounting. Such a complexity of the relation between accounting and strategy has only been achieved through the focus on practices, and the corresponding rejection of metaphysical categories of 'strategy' or 'accounting'.

The role of accounting was powerful within the assembling of the UK opco and International, operating beneath the usual surface of visibility, with the play of difference between presence and absence making this knowledge precarious. Accounting practices circulated and were internalised, enforcing a hierarchical exclusion whereby only merger and acquisition activity or director-level directives are perceived as bearing the Name of strategy, yet extra-organisational discourses still constructed notions of the strategic. Strategic discourse was apparently both invisible and visible, re-enacted in locales through accounting-style practices, over and above the controls wielded through International. Driven primarily through the 'revenue target', strategy was ec-centric, displaying a chequered face, making even localised appearances



appear partial and displaced. The discursive absence of strategy was found to operate in accordance with the spread of measurement practices, *strategic* but without the Name of strategy. Accounting practices were seen to re-present strategy, bearing the promise of a new presence and potentially bridging the strategic and the non-strategic, offering an explanation for the persistence of apparent inadequacies in top-down management as pointed out, for example, by Boxer and Wensley (1986) and Mintzberg (1994).

I found myself speculating at the time of my Critical Management Studies paper (May 1999) about the development of this situation. As the need for clearer and more controlled business processes becomes apparent, practices of measurement and discourses of shareholder value will infiltrate organising. Accounting once again emerges hand-in-hand with strategy *except* critically this is now experienced at a variety of management levels, beginning and not ending with Marketing. The exclusivity of the strategy discourse will implode as employees buy into the wider availability of accounting practices, with difference made visible and attainable through a discourse of accountability. Gross Margin, Mix and Customer Satisfaction targets will be taken on board as the new strategic rationales, reverberating throughout the organisation. The manifold effects of accounting may thus emerge, constituting discourses of cynicism and distrust as the drive towards financials becomes interpreted pejoratively as cost-cutting (McCabe *et al* 1998: 397). What actually happened was that measurement practices struggled to accommodate broader financial numbers than revenue, yet non-financial practices became internalised and reproduced in 'Customer' departments.

While the struggle between Teleco and International may appear to indicate cycles of centralisation/decentralisation, this extrapolation over-rationalises the practices which constitute change. Strategy within the International perspective was rather enacted through practices which presumed to effect both internal and external control using financial numbers. Power and knowledge revolved around the careful distribution of

performance targets which were kept apparently discursively separate from their strategic rationale. Asymmetrically, strategy within the UK opco was discursively scorned and despised as practices of financial accountability remain fragmented. The deferral of intra-organisational accountability conferred denial and disillusionment as well as resistance and affirmation with the UK opco, and as dyad ensued between capital-appropriators and capital-users.

## ***Future Research***

While three of the main schools of strategy were covered within the literature review, it will be obvious that the economics-dominated schools were omitted. I felt that it would be salient to tackle those schools which proffered the greatest challenge (and thus opportunity) in terms of exploring the dissemination of accounting practices. Hoskin (1993) already argued how examination practices underpins rational-economic paradigms. The introduction of sociological and critical thinking into strategy made moves away from this premise and were the least analysed, at least from the direction of that this thesis takes. Moving into the future, however, it would be worthwhile to examine in more detail just how accounting practices circulate within the contemporary economics-strategy schools. Those which are primarily concerned with the 'New Economy', i.e. the high-technology sectors, offer potential for developing insights into the effects of practices.

Strategy discourse propounds a focus on both the external and the internal. While the Empirical Chapter begins by analysing external perceptions of Teleco, it focuses primarily on practices of the internal. This, however, should be extended in view of Teleco's increasing difficulties in the face of analyst and investor cynicism towards high-technology stocks. In post-doctoral research, I would be very keen to explore strategy as 'control of out-there', in terms of how practices and discourses constitute the external

field of vision. This would involve closer examination of analyst reports, conference discourses, business magazines as well as in-depth interviews. During my time in Teleco, I struggled to overcome the confidentiality issues involved in the formulation of new strategic initiatives, and therefore was not able to observe first-hand the meetings or away days at which such initiatives were first constituted. In addition, a picture of analyst and business discourse was painted through formal written documentation only, to enable the reader to appreciate the external perception of Teleco. Further research could usefully explore in greater depth how corporations are constituted through these powerful discourses and practices.

The dimension of success and failure was touched upon in various parts of the Empirical Chapter, exploring how the financial success of a strategy would constitute the strategy itself as successful. This poses an interesting question about failure, and it would be productive to research a company where financial failure reconstituted a strategy previously perceived as successful. The spread of practices in this instance is open to speculation. Within the U.K., strategic absence was key in stimulating alternative strategy-simulating practices. The question then arises as to whether these practices could reconstitute a presence. Once achieved, the exploration of these effects would be most productive.

## **Strategic Accounting**

As differentiated from the Strategic Management Accounting literature, a *Strategic Accounting* would propound the constitutive practices of accounting and critically analyse how different knowledges of strategy were produced and circulated. It is my vision that this would take the Critical Accounting literature into the managerial mainstream. This was attempted within the 3<sup>rd</sup> year Strategic Management Accounting



course which I helped lecture on within Warwick Business School, along with Keith Hoskin and Mark Whittington, 1998-2000. The lectures and seminars I gave were designed to delineate the empirical situation of Teleco in a way which demonstrated just how unrealistic conventional portrayals of accounting as mirror were. Drawing on the detail of the case, I strove to illustrate how this was implicitly a critique of the way accounting was viewed within processual strategy, thereby constituting a new way of seeing the relationship between accounting and strategy.

What was most surprising about conducting the Empirical Study was the widespread acceptance of the general theoretical thrust of my Literature review. Upon being asked to explain my thesis in Teleco, I would invariably explain that I was asserting that *'numbers drive strategy'*. This was not difficult to propound. Far more difficult was attempting to explain how theories of strategy had this relation in reverse. It was not so much that accounting practices were hard to uncover, but the name they were given was strategy, and not accounting. This discursive conflation of accounting and strategy is indeed the argument of Hoskin *et al* (1997), and shows just how important their genealogical result is in today's management context. While this appreciation of practices is of great importance, however, perhaps the greatest lesson that I have learnt from this thesis is how these practices were internalised and took effect upon my very self. And this may mark the way forward for any vision of 'Strategic Accounting'.

'Perhaps I've insisted too much on the technology of domination and power. I am more and more interested in the interaction between oneself and others and in the technologies of individual domination, the history of how an individual acts upon himself, in the technology of self.'

(Foucault, 1988: 19)



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